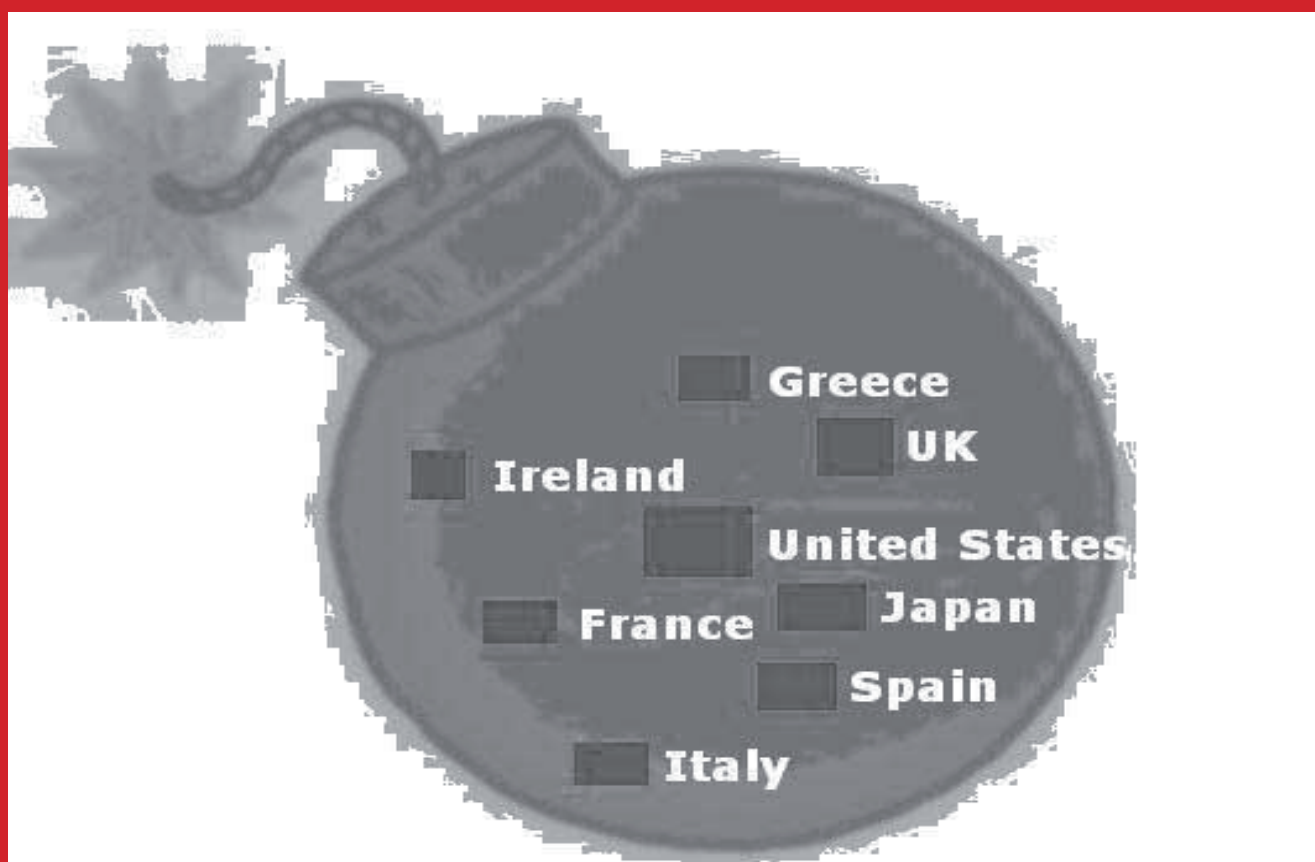


Revolutionary Perspectives

58

Sovereign Debt



Capitalism's Ticking Time Bomb

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For correspondence write to:
CWO, BM CWO
London
WC1N 3XX
email: uk@leftcom.org

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Editorial

The world's capitalist class cannot believe their luck. They have now inflicted on us the biggest financial crisis in living memory and still can carry on.

In March Mervyn King, the Governor of the Bank of England, put it this way:

The price of the financial crisis is being borne by people who absolutely did not cause it. I am surprised that the degree of public anger has not been greater.

There are many reasons for this. The first is that the cuts are only just beginning to hit most people but will do so with increasing ferocity over the next 12 months. The second is fear. German workers know what it means to face mass unemployment after union with East Germany. This has led them to accept wage freeze after wage freeze until their real wages have fallen 20% in ten years. The current dominance of Germany in the EU owes much to this.

It seems too that UK workers are facing the same problem. In the last quarter unemployment figures went down only due to the number of college enrolments. With 2.4 million already unemployed you keep your head down if you want to keep your job. A further sign of the times is the return of call centre jobs to the UK.

Santander has decided to bring 500 call-centre jobs back from India to the UK. Others that have reversed past decisions to locate call centres overseas include BT, Powergen, United Utilities, Orange, Aviva and Lloyds Banking Group. The more honest of these admit that commercial rents and labour costs now work out about the same. As Brian Groom commented

... when the UK starts to become competitive with Asia on the cost and availability of labour, you know times are hard.
(Financial Times 12.7.11)

And it won't end there. In a crisis



prices are supposed to go down (deflation) but currently they are going up rapidly. Why? The banks have so far not really written off all their bad debts. And to keep them from having to do so the Government is using "quantitative easing". They are basically printing money to give to the bankers. This has led the pound to be devalued by 25% since 2007 and thus has put up the price of imports. Add this to the stockpiling of the hedge funds as they gamble on "futures" and we pay more. Real wages and house prices are going down and with the hike in fuel prices the number of households in fuel poverty has risen by 1 million. With people not able to afford the new mortgage conditions more are going into renting so that the average monthly rent in the UK is now £700.

This crisis is not yet finished in its dirty work and it is not just a banking crisis but a crisis of the whole system. To defend collapsing capital values and bad debts the system has to attack the working class everywhere from Greece to

Guandong. As an illustration look at the BA 'peace deal'. This was a good example of how divide and rule erodes working class solidarity. There will now be one crew member less on long haul flights. 700 newly-hired crew will be on £17,000 p.a. compared to the existing crew's £29,000. How long before the new people start replacing the experienced ones? This was the deal recommended as acceptable by the Unite union.

The conclusion is obvious. Whatever sacrifices we make the capitalists will ask for more. The workers in Greece and Ireland already know this. We have only one option which is to unite as the collective producer class in society. We create the wealth that the capitalists dispose of. It is time we took it upon ourselves to see that the wealth we create was put to the benefit of humanity.

Sovereign Debt and the Fight Against the System

As we go to press the US Government and Congress seem paralysed in reaching an agreement on raising the Federal debt. EU leaders are also holding a summit to try to escape from the impasse created over the ongoing Greek debt crisis. As a result of the rise in interest rates on sovereign debt the crisis threatens to overwhelm the eurozone with knock-on effects for the whole capitalist world. Already Italy, one of the eurozone's biggest players, is threatened. On both sides of the Atlantic all kinds of policies are being floated but they have one thing in common – to save the system the working class everywhere will have to pay more. That is, if we let them ...

“So now we have reached a time of dilemma and drama for Europe and the euro — we move forward or we sink. No-one should have any illusions of individual salvation. Just like on the Titanic, not even the first class passengers will be saved.” [Giulio Tremonti, Italian Economy minister, addressing the Senate before the vote on the emergency austerity package.]

Italy is renowned for its rambling and labyrinthine political set-up yet the two houses of parliament have managed to pass a swingeing €45bn austerity budget in the space of a couple of days. The occasion for this remarkable display of swiftness and unity of purpose is that, more quickly than the pundits had predicted, Italy suddenly became the financial markets' targeted weak link in the EU's 'sovereign debt crisis'. No sooner had a convoluted, albeit short-term, deal been patched up to allow Greece to roll over its debts in preparation for a further bailout engineered by Brussels than the 'financial markets' zoomed in on Italy. With a much larger economy and therefore a far higher figure of outstanding government debt than Greece, Ireland or Portugal the prospect of Italy being unable to borrow on the financial markets and possibly next in line for an international bail-out would clearly do little for investors' confidence in the eurozone. Whether or not the Euro survives is not for us to speculate. Still, it is difficult to imagine Germany, the strongest state in what is now a well-defined imperialist entity and the ultimate holder of the purse strings, idly watching as the third largest economy in the EU and one of its founding members is obliged to declare itself bankrupt, especially given the amount of German capital invested

in Italy. As it is however, Germany's obsession with the dangers of inflation (for clear historical reasons) means that the European Central Bank (ECB) is prevented from doing what the Federal Reserve does in the USA: directly buy up government bonds on the open market and at a lower rate of interest than the financial houses, pension funds etc would demand. (Although this hasn't prevented the ECB buying up Greek and other bad loans as part of its attempts to manage the crisis.)

In bourgeois economic theory the interest rate demanded on a loan is the price of 'risk'. The more risky the loan, the higher the rate of interest demanded by the lender. So it was that in July — for whatever immediate reason, maybe Berlusconi's open fall-out with his finance minister, Giulio Tremonti — 'the markets' deemed that Italian debt was riskier than it had been a month earlier. On Tuesday 11 July the interest rate on 10 year Italian bonds rose beyond 6%. By Thursday the Italian Senate was fast-tracking what must be the quickest public spending cuts package to be passed by any democratic assembly either side of the Atlantic, yet

The effect was [still] evident in Thursday's auction of Italian debt. It paid 4.93% to raise €1.25bn (£1bn) of five-year debt, up a full percentage point in just a month. The US, by contrast, issued \$5bn (£3bn) of two-week debt auctioned earlier in the week paying zero per cent.

The writer of the same piece (James Mackintosh in the *Financial Times*, 15.7.11) adds,

At these rates, Italy's debt is unsustainable. The US's would be too; its government deficit would be \$2,400bn. At the same time, if Italy could borrow at US rates it would look to have a budget deficit of just 2 per cent, more like Germany than Greece.

Quantitative easing or no quantitative easing (QE2 officially stopped at the end of June), the United States in effect continues to print money to service its debts. This is even more the case now that overseas states are losing their enthusiasm for buying up US Treasury debt (notably China) and 80% of US recent bond issues have been bought up by the Fed itself. We have to say it again: The full mega-inflationary effects of

this for the US domestic economy are only avoided because of the US position as the holder of the world's reserve currency and the dollar's role as the predominant currency of international trade. Even so, the Federal Reserve's own index shows that since 2009 the dollar has declined by 17% vis-à-vis a proverbial 'basket of currencies', prompting speculation by 'carry-trade' investors who sell dollars to buy currencies with higher interest rates, often promoting domestic inflation (e.g. Brazil) and undermining export competitiveness. Comparisons with the competitive devaluations and trade and currency wars of the 1930s abound.

'Let's at least avert Armageddon'

Meanwhile, the unique position of the dollar has only encouraged the US to ratchet up its debt. In round figures, the estimated federal deficit for this year is \$1,645bn contributing to an overall (gross) public deficit of \$15,476bn or close on a hundred per cent of GDP. (Worse than Portugal's 91% and higher than the EU average as a whole, at a predicted 87% of GDP for 2011.) Since the US Congress imposes a ceiling on the amount of debt the federal government can run up there is always a tricky situation for the administration when it comes to negotiating the raising of that ceiling. This time though, a tricky situation has become a paralysing crisis. In order to maintain credibility and play by its own rules the existing ceiling of \$14,300bn **has** to be raised (by 2nd August before the central government formally runs out of funds). The Republicans, spurred on by small-minded Tea Partyists, are refusing to tolerate any raising of the borrowing ceiling without massive spending cuts and, of course, they will not accept increasing taxes for big business and the wealthy. In case anyone thinks Obama and the Democrats are simply trying to protect social services, think again. Apart from an overall plan to cut \$4,000bn over ten years, Obama has now charged his party to come up with "serious" deficit reduction plans in order to avoid "Armageddon". At the same press conference he did the 'we're all in this together routine'; the need to "get our fiscal house in order" which would require

...some shared sacrifice and a balanced approach that says we're going to make significant cuts in domestic spending. And I have already said I am willing to take down domestic spending to the lowest

The Wealth Chasm Deepens

The share of income claimed by the top 1 per cent of American earners declined after the Great Depression and the 2nd World War but from the late 1970s it suddenly started to rise.

Meanwhile wage growth for many has stalled. Between 1976 and 2007 in the US 58% of the total growth in income was captured by the top 1 per cent.

In the last five years the fraction of the population working has fallen from 63.1 to 58.4 per cent, with the number of jobs reduced by 10 million.

percentage of our overall economy since Dwight Eisenhower.

It also requires cuts in defense spending, and I've said that in addition to the \$400 billion that we've already cut from defense spending, we're willing to look for hundreds of billions more.

It would require us taking on health care spending. And that includes looking at Medicare and finding ways that we can stabilize the system so that it is available not just for this generation but for future generations. [http://politisite.com/2011/07/15/president-obama-press-conference-friday-july-15-2011]

Obama's sop of cuts in defence spending cannot disguise the threat of draconian cuts to the whole range of social and health spending. Just like Europe and the UK, the United States is shackled by the weight of sovereign debt and obliged to demonstrate to the financial markets that it still basically a 'sound bet'. Whatever the outcome of this particular crisis (As we write it is not certain that it will be resolved in time for the US to avoid being technically in default) the whole episode marks a further step in the erosion of US standing and power in the world. Moody's may not in fact downgrade the US from its top triple A rating. However, the fact that at the moment the US is on notice for a downgrade in its credit rating will only undermine the dollar's image as a 'safe haven' and encourage the likes of China's central bank to further review where it puts its foreign exchange reserves. Slowly China is laying the basis for making its own currency fully convertible and extricating itself from the dilemma of holding a large part of its foreign trade surplus in increasingly devalued dollars. Before that happens however, China may be able to invest in eurobonds. The calls are getting louder for Germany to allow the ECB to issue its own bonds in order to finally put the markets at

rest about the euro. Ironically this would bring Merkel's inflation nightmare nearer but at the same time strengthen the EU and Germany's role as its leading power. In other words the 'sovereign debt crisis' also spurs on the reshaping of the imperialist world order in the long process that began with the collapse of Bretton Woods.

The Capitalist Crisis is More than Greedy Bankers

It's true that the debts of the major capitalist states have been markedly exacerbated since the bursting of the speculative bubble in 2007-8. Deemed 'too big to fail' — and it is the case that the whole banking system was near to collapse — states basically took over responsibility for the losses incurred by a grotesque financial sector wheeling and dealing in ever-more complex financial 'instruments' which only hid their inflated and fictitious capital values. The neo-liberal myth that so long as we let the market prevail without any state interference then the world will be a prosperous place for everyone was shattered. The trouble is that an older myth is being revived. It is essentially the old social democratic myth which denies the inevitability of systemic capitalist crisis and instead insists that capitalism can be guided and managed so that it benefits everyone. In this scenario the decline of productive capital based on manufacturing is attributed to the rise of a predatory financial sector — the 'greedy bankers' — which should now be severely taxed and put back in its place by state regulation. This sort of idea, mixed up with a belief in the Keynesian virtue of letting the deficit run until the economy 'revives', runs through the TUC's feeble anti-cuts propaganda. In his more scholarly moments (when he's not demagogically calling for a 'Robin Hood tax' on the banks) Brendan Barber, TUC general secretary, acknowledges that government debt is now at the same kind of level as at the end of World War Two but argues that this was gradually reduced over the following years so there's no reason why the same cannot be done now without all the social pain. What he omits to mention is that the reduction in sovereign debt was possible during the post war period because of the relatively high rate of economic growth, whereas today the whole of the advanced capitalist world is subject to stultifying low growth. Given the evident parasitic role of the financial sector it is easy to attribute the present torpid situation of the whole of the advanced capitalist world to the 'greedy' banking and financial sector which is starving productive capital — manufacturing, industrial — of investment. In fact the history of capital's

speculative booms and busts over the last decades shows that it is quite the other way round. From the Latin American debt crisis, through the boom and bust of the 'Asian tigers', the dot.com bubble and several others before the great deluge of subprime and the credit crunch, capital from the 'real' economy (i.e. the value producing part) has been diverting more and more funds to the financial sphere where it has been able to find 'higher returns on investment', in other words a higher rate of profit. The problem, as many have found to their cost, is that a substantial part of those paper profits are just that — pieces of paper based on fictitious capital values whose monetary value is only upheld so long as confidence in the whole edifice holds. In any case financial capital in itself cannot conjure up new value no matter how ingenious the financial instrument.

While the economic pundits are blind to the real source of capital's apparent ability to generate new value: the unpaid labour of the workers who produce so much more value for capital than they are paid in wages, or in Marx's terms 'surplus value', they know from historical experience that the burgeoning financial sector — the exact extent of whose liabilities are impossible for anyone to know but which can be safely estimated to at least match the equivalent of a year's global GDP — is a sign of a deeper malaise in the 'real economy'. Since new value can only be generated when someone expends their labour power and since capitalism is perpetually driven to increase profits this means it is continually striving to increase the rate of surplus value: the portion of the surplus value which it claims for itself over and above the cost of wages. And not only the portion. It is capital's drive to acquire for itself an ever-bigger volume of surplus value (profit) that makes capitalism a uniquely innovative system of production. The problem for capital is that the more it increases its profits by introducing labour saving machinery and new technology the more it reduces the rate of profit until eventually it is either no longer profitable to produce at all or it is no longer worth innovating because the cost of doing so would outweigh the likely returns.

So it is today. Recently the *Financial Times* ran a full page spread entitled 'Rivers of riches' [23.5.11] highlighting that multinational (non-financial) companies are "replete with cash" which they are having difficulty spending. In the US "cash represents the biggest proportion of total assets than at any time in the past half century" — an estimated 5.5% in the last quarter of 2010. Similarly in the UK where

Crisis and Class Struggle

"British companies had cash on their balance sheets worth 5 per cent of GDP" and George Osborne (Chancellor of the Exchequer) is quoted as saying that his job "over the next coming months is to persuade them to start spending that money". So far the evidence is that the money is going into 'mergers and acquisitions' and buying up shares in vastly overvalued companies such as Facebook, another bubble in the offing.

Meanwhile workers everywhere, who may or may not work for a company "replete with cash", face deteriorating, ever harsher working conditions including longer working hours for less pay. Capital is on the offensive and ruthless in its drive to try and boost profit rates by reducing the value of labour power: both wages and so-called non-wage additional costs. In this context the cuts in unemployment and welfare benefits that every government in the advanced capitalist world is introducing are not only aimed at reducing state budget deficits, they are part and parcel of a deliberate move to extort more value from the working class in the desperate search to revive profit rates and 'growth'.

Today the **real** crisis for the whole capitalist world is the cyclical crisis of profitability which Marx identified in the 19th century. This brought penury and unemployment for workers and could only be cured by bankruptcies, takeovers, and the writing off of capital values. With the establishment of the capitalist world economy the cyclical crisis became global and it took the unparalleled destruction during two imperialist world wars in the last century to allow a 'return to growth' from a diminished capital base. World wars and recurring crises were supposed to have been eradicated with the setting up of the Bretton Woods system but that system was rocked to the core when the US unilaterally de-linked the dollar from gold in 1971, heralding the return of global capitalist crisis. Four decades on there are palpable signs of fear that there is not much room for manoeuvre left for capital in this crisis.

Commenting on the latest report by the Bank for International Settlements' (BIS) which highlighted the growth of sovereign debt throughout the OECD and the absence of a political solution to the "gross financial flows coursing through the system" the *Financial Times* adds its own telling remarks:

Although the BIS does not make the case, the global financial system could well be in its most precarious state since the 1930s. ... It took the second world war to level the global financial

General Government Debt as a Percentage of GDP

	2007	2010	2011[est]
Germany	65%	82%	85%
Portugal	71%	91%	97%
Ireland	28%	81%	93%
Italy	112%	127%	130%
Greece	104%	123%	130%
Spain	42%	68%	74%
Japan	167%	197%	204%
United Kingdom	47%	83%	94%
United States	62%	92%	100%

Source: *Bank of International Settlements*

infrastructure sufficiently for a sound reconstruction.

A similar rebuilding — without the shooting — might be the best way forward. Perhaps the world needs substantial write-offs of old loans, the creation of new financial capital, or a substantial reworking of fiscal and trade arrangements. If so the BIS, an organisation of central bankers, is the wrong place to look for ideas. Policies of destructive creativity can come only from strong and innovative political leaders. Sadly, there are none of those in sight. [28.6.11]

This is ominous in more ways than one. It confirms just how far the present crisis has matured in the past two or three years and how the capitalist class itself is beginning to contemplate solutions it has previously avoided. Meanwhile we leave it to our readers to imagine what the yearning for "strong and innovative political leaders" portends ...

"Costs have to be cut, they proclaim — except their own, naturally."

[Antonio Padellaro, editor of *Il Fatto*, on the Italian parliament fast-tracking €45bn austerity budget]

Italy's finance minister waxed lyrical on how first class passengers were not immune from drowning if the EU as a whole did not pull together to save the euro. He wasn't of course referring to the richest echelons of the capitalist class, people who have vast wealth without the need ever to work for a wage, but calling on Germany (i.e. German capital) to take on full responsibility for the euro and save European capitalism as whole. The cuts that have been brought in to reassure the markets that Italy's deficit will be reduced to almost nil by 2014 follow a whole series of measures in a familiar pattern of direct

attacks on working class lives. They range from immediate new health service charges (e.g. €10 for a prescription and up to €25 for a hospital outpatient visit) to speeding-up pension 'reforms' and the prospect of a round of privatisations from 2013 (read job losses and wage cuts). In other words workers are paying to reassure finance capital of the value of its investments. As if they were not already bearing the brunt of this capitalist crisis. While it's true enough that Italy's budget deficit would be unremarkable if economic growth rates were higher this is merely stating that if it weren't for the crisis of profitability there would be a higher rate of profit. In any case capital always has the same solution to low growth: increase productivity, i.e. get workers to produce more at less cost to capital. *"Italy's economy is dismally sluggish — productivity is one-third less than Germany's yet labour costs are one-quarter higher"*, pronounced the *Financial Times* on 13 July. This statement is dubious but the fact that it can be made indicates how much the working class in Germany has lost in recent years in the process of aiding "the recovery of lost competitiveness by German companies through ruthless control of wage costs to return the nation to the top of Europe's league table". (The FT again: Tony Barber, 17.4.11) However, the mindset of 'the nation' at one with the bosses to become 'more competitive' and ready to make sacrifices is exactly what capital wants workers to take on board. In fact, when it comes to Italy the new contract defining the terms for the sale of labour power drawn up by Fiat's chairman Marchionne — who wants to make the cost of producing cars in Italy on a par with costs in Latin America — and supported enthusiastically by Confindustria (the Italian Chamber of Commerce) is a recipe to extend 'social butchery' to the whole of the working class. This ruthless plan covers all aspects of the working day, from basing 40% of wages

to productivity (instead of the current 5%); insisting on 120 hours compulsory overtime per year; flexible work patterns made easier by shorter work breaks and putting meal breaks at the end of shifts, more difficult shift patterns; no absenteeism; no strikes. ... In short, a recipe for 'social butchery'. [The phrase is from an enlightening article on the situation of the working class in Italy by our sister organisation *Battaglia Comunista* (PCInt), see below.]

It is not for communists to accuse one group of workers of being better off than another. The purpose of describing the situation facing workers in other countries is to emphasise a) the **similarity** of the attacks being made by capital throughout the whole of the advanced capitalist world and b) the impossibility of a solution inside the capitalist frame.

With this understanding it should be impossible to envisage a 'national' way forward for any group of workers yet amongst the clamour of supposedly revolutionary solutions there are those who argue, for example:

For Greece, the strategy is clear: default, exit the euro; nationalise the banks and introduce capital and currency controls; impose a confiscatory tax on the wealthiest, investing in green infrastructure and jobs to maintain demand. For southern Europe a similar assault on the citadels of finance must be made. And across the whole continent, the policies of neoliberalism must be thrown into reverse, country by country: halt financial contagion through exchange and capital controls; tax the rich to raise funds and kill off speculation; increase government spending to boost demand; invest to create green jobs. With workers at its heart, a European movement against austerity must be now constructed.

This is a quotation from a supposedly anti-capitalist website, [<http://www.counterfire.org/index.php/articles/51-analysis/12666-greek-crisis-the-four-horsemen-of-the-acropolis>]. It is a particularly blatant and pernicious example of the return of the reformist and social democratic myth that the capitalist crisis is simply one of 'neoliberalism' and finance capital; that the capitalist state can, country by country, manage the economy to benefit the working class. If it is true that "the thousands occupying public squares in protest against austerity have shown a glimpse of the alternative" it is not because of the calls for 'real democracy' — a concept which means nothing unless it is about proletarian democracy after the

overthrow of the capitalist state — or even because of the calls to punish the banks: it is because it is an indication that there is a limit to what the working class as a whole can endure. This in itself, however, will not be enough to overthrow capitalism. For that to happen the working class must be able to see a way towards a different society. For revolutionary political organisations it means being able to criticise as well as welcome protest movements when they arise, being able to distinguish between the desire to get rid of capitalism and the pitfalls of focussing on one aspect of capital rather than a programme to get rid of the whole filthy edifice. For the moment it means acknowledging that:

Never in recent history has the balance of power between labour and capital been so much in favour of the latter. Not only has the proletariat failed to struggle against capital, even in terms of demands, but — apart from a few episodes like Greece and France — it clearly has not put up any concrete resistance to capital's attacks. This allows the bourgeoisie to reinforce its domination and to easily extend its 'ruling ideas' in order to justify the unjustifiable. There are cuts to the health service, schools, research: of course, it's the crisis. Taxation doesn't get any lower but fiscal pressure mounts. The purchasing power of wages is static or declining and yet another round of cuts is required, and it's all the fault of the crisis. In Italy there are 8 million people living below the poverty line. Another 8 million are in danger of joining them. The number of new jobs is declining while those that remain are increasingly precarious, both in terms of job security and hours worked: it's because of the crisis. The refrain is repeated as if the crisis was an external factor, something which has rained down on society from outside. A sort of unpredictable and unavoidable natural disaster which overwhelms everything and wrecks it, leaving behind only death and destruction. An event which cannot be prevented but from which there has to be a new start with a new spirit of sacrifice and willingness to adapt — obviously on the part of those who produce surplus value, who are the object of exploitation. Nothing could be more false and misleading than this propaganda. The crisis and its ominous social consequences are none other than the poisonous fruit of capitalist productive relations.

The causes of economic and social

breakdown are to be found within capitalist society, within its method of producing and distributing wealth based on the capital-labour relationship with its unique and essential aim of producing a profit in the so-called real economy. The ephemeral financial gains which capital resorts to in times of crisis in the rate of profit give rise to giant financial bubbles which, when they explode, fall on the productive economy, devastating the already fragile fundamentals and creating the conditions of impoverishment we are witnessing today. Thus, struggles for particular demands, or simply to resist capital's attacks, cannot avoid being posed — right from the outset — in anti-capitalist terms. Only thus can the system be challenged. Only thus can an alternative be found to the unsustainable social organisation which, in order to survive its self-generated crisis, can only bring more misery and unemployment. Only in this way can the continuous chain of devastation be broken. A concrete stand has got to be taken against the perversity of a system which manages to produce only greater penury for the many and ever more wealth for the few. Unless there is a struggle against capitalism itself wage slavery will continue to be the condition for the iniquitous distribution of social wealth. This presupposes that the struggles to come will escape more and more from the framework of the system, from the overwhelming role of the unions which aim to contain them and when they do organise them, drain them of every ounce of real protest and intolerance of a society which is now only capable of producing increased poverty and unemployment, economic crisis, wars and social and environmental devastation.

What is also needed is that the struggles regain a sense of a social alternative: the possibility of a world where the production and distribution of wealth no longer depend on the capitalist logic of profit but on the needs of those who do the work and produce the wealth. What's needed too is the active presence of a class party calling for the demands posed by capitalism itself and capable of channelling the struggle towards these objectives.

[Fabio Damen, *Political Slime and Crisis in Italy*, translated from *Prometeo*, the PCInt's quarterly review and available in English on the ICT website <http://www.leftcom.org/en>]

E. Rayner

The Crisis is Terminal; the ‘Recovery’ is an Illusion

September 2008’s financial crash may mark a turning point, a fairly abrupt signal that the “best of all possible worlds” (so the neo-liberals taught) may still prove to be, despite the fact that “there is no alternative” (again another pearl from the same camp), rather far from the utopia some may imagine such a phrase may encapsulate. But, ever since, the same sources, perhaps slightly toned down by an element of opportunistic Keynesian rhetoric and a hint of repentance over this or that excess, have been encouraging the faithful to believe that the blip is simply an aberration and normal service will be resumed shortly, no cause for alarm, things get rough, things get better, thus it is and always shall be, get on with life and do not adjust your blinkers.

However, this not quite rosy scenario bears little resemblance to what we, the working class, experience. No doubt the September 2008 turning point marks a qualitative change in our condition of life, but it is hardly the fact that we were strumming our harps in paradise anytime before that date.

The Premise

This article, possibly like all other articles we publish in this, the imperialist epoch, the epoch of wars and revolutions, the epoch of capitalist decay and parasitism, only serves to illustrate the validity of a perspective that is becoming ever more justified, that of the abolition of an obsolete mode of production and its replacement with one which is not subject to the conditions which inevitably cause the social devastation with which we are all too familiar. It does not seek to fundamentally change or destroy the revolutionary case; it simply serves to update its essence with the data that the present moment provides, data which confirms the validity of the original, unadulterated revolutionary perspective; the momentary, not eternal, nature of capitalism’s ability to provide a vehicle of progress for humanity, the inevitable pauperisation of the proletariat, the stark alternatives of revolution or common ruin, socialism or barbarism. But beyond the presentation of percentages, facts regarding unemployment, debt, the scientific and mathematical, the

article serves as a reminder that the revolutionary movement is not vindicated by even the massive economic calamities and the ever more glaring social, economic, political, in short, total, crisis of this society, but is valid because capitalism throughout its historic arc has always been based on the systematic exploitation of the working class. The simple existence of class is the aesthetic of our revolutionary perspective and the improvement or deterioration of the slave’s conditions does not change the essence of the absolute negation of humanity that slavery, in whatever guise, be it direct individual ownership of the person, or domination by a collective bourgeoisie, represents.

Yet, no doubt, the sophisticated arsenal which the ruling class has developed to maintain the working class in a state of ignorance regarding the cause of its suffering does depend on a certain level of material support for the exploited. It is this which allows the working class to subsist and takes the edge off its misery, thus preventing the all-out life or death struggle which is revolution. So, the momentary condition of the capitalist economy does impact most decisively on the forces of revolution, particularly on the generalisation of communist consciousness. As Engels stated:

The condition of the working-class is the real basis and point of departure of all social movements of the present because it is the highest and most unconcealed pinnacle of the social misery existing in our day.¹

Even if the reality is that capitalism, having provided a material basis for the construction of socialism, now and for over a century has nothing further to contribute of benefit to humanity, and is truly decadent in the sense of having played out its historic usefulness and standing as an obstacle to the classless future, the working class in general does not necessarily see this but is led down the garden path of “aspiration”, the American dream, gradual but endless improvement, reform and a brighter tomorrow. All of this requires a capitalism

¹ Preface, *The Condition of the Working Class in England*, 1845. F. Engels.

sufficiently dynamic to support it. And at this moment in time, an essential plank in the propaganda of the ruling class, the soothing opiate which reduces the worker to an atomised shadow, an anaemic powerless host to the capitalist parasites, is that the recovery is here, or just around the corner or some other such happy fairy tale which has to be sustained in the face of a reality which could hardly be more contradictory. The fact is that capitalism is in terminal crisis, and that the working class will have no option but to turn and fight. The “recovery” is a fiction and the ruling class bluff has to be exposed. Our task will not be to get workers to engage in struggle, it is hardly conceivable that they will simply allow the ruling class to degrade them to absolute pauperisation without a fight. Nor is this empty prediction, the massive struggles have already begun. At the time of writing, huge movements in Greece and Spain are sending shock waves through the capitalist edifice. The UK is seeing the stirrings of wide scale revolt as hundreds of thousands of workers simultaneously meet the same slammed door with their faces; unemployment, wage cuts, pension cuts. Our task is to present an alternative to the capitalist cul de sac.

An Historic Crisis

The 2008 financial crash did not arrive out of the ether. It was a direct result of the decades of capitalist crisis which came before it. And that was part of an even longer cycle. Capitalism’s Achilles’ heel, the cause of its crisis, is its inability to generate profit rates that enable the growth of capital. Due to its competitive nature, capitalism is constrained to follow the most productive path possible and in doing so it undermines its own foundation. Ever fewer workers are able to process ever more materials due to the drive to use the most productive techniques and machines, leading to automation, robots. However, as only the exploitation of living labour provides capitalism with an exploitable source of profit, this means that ever greater investment generates a relatively ever declining profit margin: hence the capitalist is forced to hike the rate of exploitation or go under. World wars are the ultimate expression of this competition, this attempt by the

capitalists to maintain profitability by dominating the planet, access to raw materials, cheap labour and markets at the expense of vanquished rivals.

Two world wars served to put a pause to the crisis for a while, but the crisis always returns, paradoxically the fruit of the very dynamics, the efficiency that capitalism's apologists cite as its justification. Once again, the inability to profitably produce led to the collapse of many capitalist concerns, the exodus of masses of capital to build a massive speculative bubble which burst in 2008, yes, but this was the culmination of a historic process and in no way an aberration. Thriving capitalism born in the English manufacturing revolution gave way to Crisis- World War 1- Recovery- Crisis - World War 2- Recovery-Crisis, this is the brief history of capitalism and the pattern will complete itself again if allowed – a Third World War is not off the agenda.

Hence, the underlying cause of the financial crisis was and remains the incurable cancer of the real productive economy. The inner contradictions of capitalism, as described by Marx, denied over and over by the ruling class apologists with every temporary recovery based on the devastation of World War. In short, the tendency for profit rates to decline which the capitalists cannot prevent, which has no cure outside of the massive destruction of capital and population, which is choking the entire planet and placing a ring of fire around the two historic opponents, bourgeoisie, and proletariat who are constrained for their very survival to grasp each other by the throat and squeeze to the death.

What Recovery?

The recovery is a fiction. The truth is the terminal crisis of capitalism, unless one cares to speculate that there could be another round of accumulation after a Third World War. The figures of the bourgeoisie illustrate this perfect storm, even if they can hardly be accepted as gospel. For example, the World Bank's latest *Global Economic Prospects* report, (June 7 2011), predicts a slowdown of economic growth everywhere except sub-Saharan Africa for this year and the next. The bank predicts that the world economy will expand by only 3.2% this year, even less than the poor 3.8% for 2010. Such growth will not simply not cure the mass of unemployed, the youth without future, it will worsen it. Such



growth (if it occurs) will see the working class worse off. This is illustrated especially by the case of the number 1 player in the imperialist arena- the USA. The US economy is expected to grow only 2.6 percent this year and continue to remain below 3 percent through 2013 at the very least. Consider that it requires a sustained growth rate of at least 3 percent to reduce the near-double-digit official US unemployment rate. Recovery? For the unemployed? For the workers? In the USA, the supposed recovery which began in June 2009 only served to accelerate the trend in workers' falling share of national income which began in the 1980s. And it's not only fat old Uncle Sam that cannot keep up with the new kids on the block. Worse still, the World Bank believes the growth rate of the developing countries such as China, India, Brazil, is set to go down to 6.3 percent through 2013, a full percentage point below the 2010 growth rate. These are the countries that have been able to provide a modicum of optimism in the capacity of the world economy to grow since the financial meltdown in the advanced countries. Countries where proletarian conditions are already shockingly bad and are now set to worsen as they are everywhere, from the metropolises to the periphery, the recovery is a fiction.

Despite the clutching at straws, the sigh of relief at a brief lull in the rise of official unemployment figures, little fluctuations here and there, the point has been reached where the dire predictions of the Marxist press are being echoed by the so-called mainstream. Commentators may argue that the present course is the road to doomsday as a pretext for unleashing a holocaust against the working class in an attempt to save the system. For example, Lawrence Summers, who until the latter part of 2010 was the director of Obama's National Economic Council declares that between 2006 and 2011,

US economic growth averaged less than 1 percent a year, similar to that of Japan "in the period its bubble burst."² Equally pessimistic, in a Sunday interview on the NBC television program 'Meet the Press,' Treasury Secretary Timothy Geithner held little back on the current state of the US economy. In response to the question 'when do you think recovery is actually going to start feeling like recovery?' his reply was remarkably honest:

Oh, I think it's going to take a long time still. This is a very tough economy. And I think for a lot of people it's going to feel very hard, harder than anything they've experienced in their lifetime now, for some time to come.

Or, for example Professor Nouriel Roubini of New York who labelled fiscal deficits in the US, a slowdown in China, European debt defaults and stagnation in Japan a "perfect storm". At the time of writing, the "unthinkable" previously reserved for "extremists", seems to be well within the range of the bourgeoisie's perspective. Greece, having recently received 110 billion euros in return for austerity, is threatening to default, the cycle of bailout austerity and further economic crisis is multiplying, after Greece, Ireland and Portugal, notably Spain is on the brink of bailout, clinging on to the edge by plunging its citizens into misery.

The real danger is that Spain, which is already sneezing, could go down with a full-blown case of debt flu'. Already it is battling with spiralling borrowing costs while its banks are burdened with mortgages linked to house prices plummeting daily in value.

"Should we see Spain start to spiral lower, then it would make the falls of three years ago look like a picnic," says Jeremy Cook, chief economist at World First (Berlin: [FC0.BE](http://www.fc0.be) - news) .

But these scenarios of financial crisis and default dwarf in comparison to the effects of the USA defaulting. Precisely such an "unthinkable" scenario is being thought, very seriously.

"Esta semana, el presidente de la Reserva Federal, el banco central estadounidense, Ben Bernanke, aseguró que la reputación crediticia del país está en peligro." (this week,

² June 13 in both the *Washington Post* and the *Financial Times*

Crisis and Class Struggle

the president of the US Federal Reserve declared that the credit reputation of the country is in danger.) BBC Mundo.

The investor Stanley Druckenmiller, an old ally of the famous George Soros, recently told the *Wall Street Journal* that a suspension of payments “would not be catastrophic”. The subjective opinion of the author of this article thinks that the validity of that statement would rest on a definition of catastrophic, but in the future history of the demise of capitalism, it is difficult to say that such an event, the first in US history³, would not be a significant milestone.

Poverty Indices

But, rather than risk the accusation of being fanciful crystal ball gazers, let us look at some concrete evidence regarding the current state of capitalism. Certainly we have touched upon the colossal debt of the USA where millions are being threatened with absolute destitution as unemployment benefits are removed in a situation where jobs simply do not exist, we have mentioned the declining growth of the so-called emerging or developing economies, the misery of Greece and Spain is all over the media at the moment, with figures of 40% youth unemployment and the like. Perhaps a snapshot of the UK situation may add an emotional aspect to the percentages and figures, worthy of Engels' compilation of injuries in “The Condition of the Working Class in England”, one which should serve as a bullet to the head of this fantasy tale of recovery, green shoots and new dawns, in fact of the entire edifice of capitalism, given that our humanity has not yet been totally eroded:

A growing number of children in the UK are living in extreme poverty because of huge increases in the cost of energy, petrol and food, according to a leading charity.

Save the Children says the figure has risen to 1.6 million, with 290,000 in London.

The rising cost of living and a slow economic recovery has left thousands

of families struggling to pay for even the basics.

Let us consider that fully one quarter of British primary school children are from the ethnic minorities, it would be an interesting question to untangle the threads of poverty and ethnicity, but there is little doubt that this specific group of children face the lion's share of extreme child poverty. For example:

Within Black or Black British households, 48 per cent of children are living in poverty. This rises to 63 per cent in Pakistani and Bangladeshi households compared with 27 per cent of White children.

Worklessness is one of the key drivers for higher poverty rates for some ethnic minority groups. The UK overall employment rate, 70.5 per cent of working age adults, falls to 59.7 per cent when looking at working age adults from minority ethnic groups.

Educational achievement is an important factor in poverty rates amongst ethnic minority groups. The achievement gap between white pupils and their Pakistani and African-Caribbean classmates has almost doubled since the late 1980s.

In work poverty rates are also higher — 54 per cent of Pakistani and Bangladeshi children in working households are in poverty in comparison to 12% of White children. http://www.barnardos.org.uk/what_we_do/our_projects/child_poverty/child_poverty_what_is_poverty/what_causes_child_poverty.htm#what_causes_child_poverty_black_minority_ethnic

And while we are considering the phenomenon, let us take a brief look at a measure on a global scale;

Of the estimated 2.2 billion children worldwide, about a billion, or every second child, live in poverty. Of the 1.9 billion children in developing nations, 640 million are without adequate shelter; 400 million are without access to safe water; 270 million have no access to health services. In 2003, 10.6 million children died before reaching the age of five, which is equivalent to the total child population of France, Germany, Greece, and

Italy. 1.4 million die each year from lack of access to safe drinking water and adequate sanitation while 2.2 million die each year due to lack of immunizations.

http://en.wikipedia.org/wiki/Child_poverty

The Recovery is a Fiction

The recovery is a fiction. The crisis can only continue to devastate the lives of the exploited; it has no way out apart from the horror of generalised imperialist war or the revolutionary abolition of capitalism. In this sense it is terminal. How long it can drag on, leaving a wake of catastrophe, we cannot say, but we will state that any recovery will not be in the realm of proletarian conditions, far from it. The crisis is seared into the little minds and bodies of toddlers, another generation of youth without work, workers facing ever more exploitation, a war of attrition on every conceivable aspect of working class conditions that has started to reach a point where it is unbearable, bringing the masses onto the streets, the Marxist perspective playing out in its entirety;

The modern labourer, on the contrary, instead of rising with the process of industry, sinks deeper and deeper below the conditions of existence of his own class. He becomes a pauper, and pauperism develops more rapidly than population and wealth. And here it becomes evident, that the bourgeoisie is unfit any longer to be the ruling class in society, and to impose its conditions of existence upon society as an over-riding law. It is unfit to rule because it is incompetent to assure an existence to its slave within his slavery, because it cannot help letting him sink into such a state, that it has to feed him, instead of being fed by him. Society can no longer live under this bourgeoisie, in other words, its existence is no longer compatible with society.

Marx/Engels, Manifesto of the Communist Party, 1848.

Ant

³ http://www.bbc.co.uk/mundo/noticias/2011/06/110615_economia_estados_unidos_deuda_limite_legal_az.shtml

News International and the Lie of a 'Free Press'

The Stench of Hypocrisy

There is something ironic in the demise of the *News of the World* and the crisis in the Murdoch empire. The *News of the World* sold papers profitably on the basis of hypocrisy. Even before Murdoch bought it in 1969 the paper traded on the pretence that it was on a "moral crusade". What it really was doing was producing "shock, horror!" sensationalism to titillate and sell to the lowest common denominator. The salacious revelations of the lives of the famous (and not so famous) were the hardcore of the "Screws of the World" making it the biggest selling Sunday newspaper in the English-speaking world.

The *News of the World* may no longer be with us but hypocrisy is. We are not talking here about the low-life behaviour of News International in hacking into the phones of relatives of the victims of murder, terrorism and British imperialist adventures in Afghanistan. The stench of hypocrisy around the Palace of Westminster equals that of the Great Stink of the 1850s¹. That incident led to the reconstruction of London's sewers but the hacking crisis seems to have emptied them of the rats who currently fill our screens. The sight of the Party leaders, past and present, scurrying around trying to pretend that they were not in hock to the Murdoch press is the stuff of satire. Chief hypocrite is Gordon Brown who has now claimed that he alone stood up to the power of the Murdoch Empire. He has called the "rats" in Murdoch's pay "criminals" and now claims he has always called for an investigation of their activities but was talked out of it by top civil servants and police officers. He even stated that he had resisted News Corp's attempt to bully him into neutering the regulator Ofcom in 2009 (the real reason he says why Murdoch turned against Labour). This might be true, but his evidence would have been more convincing if he and his wife had not consistently attended News International social and business events in the US and UK in the last three years (all following the *Sun's* revelation of their son's condition of cystic fibrosis). They were still attending



Wapping liars

them earlier this year.

Just like Cameron, who maintains personal friendships with Rebekah Brooks and Andy Coulson, all the political elite cosied up to News International in order that Murdoch's press would not turn against them (the spur to Brown's conscience seems to date from the day the *Sun* decided to switch to backing the Tories). For his part, Blair was worse than either. He went all the way to the Murdoch's Pacific pleasure island to court him to win approval for his 1997 election campaign. And as in 1992 the *Sun* could claim that it was us "wot won it". It is no secret that Murdoch's semi-monopoly of the media through the *Sun* and his other three titles, as well as BSkyB, has made him the arbiter of British politics since a grateful Margaret Thatcher deregulated the press and opened the way for the rise of News International in the 1980s. Many thinking workers old enough to remember Wapping in 1986 or the contribution of the *Sun* etc to whipping up chauvinism in the Falklands War will have had a sense of *schadenfreude* that the Murdoch hubris has blown up in the face of News International and the whole News Corp group.

Whilst for us the episode mainly highlights the nature of bourgeois domination through the influence the Murdoch empire has in Britain, for News Corp (which means the Murdoch

family) the whole issue is a commercial and financial one which threatens its financial and political power and influence. With every tin pot politician now lining up to have a go at Murdoch (something they would not have dared to do a week before) he is scrambling to hold on to some of his influence (Robert Shrimmsley in the *Financial Times* wittily compared him to other fallen dictators as "Rupert Hosni Muburdoch"). The closing of the *News of the World* was prompted not by contrition but by the loss of advertising revenue which might have spread to other Murdoch titles. Many are expecting the "Sun on Sunday" to replace it when the dust settles and this would make Murdoch more money as costs will be lower. The withdrawal of the bid for all of BSkyB is not only a strategic retreat which he hopes to reverse in the future but also leaves him with the cash to buy back the shares of his US shareholders who are in full scale revolt over his disastrous losses on the Dow Jones and MySpace. Murdoch understood how to use play this real game of monopoly to strengthen his position even further. Compliant legislatures on both sides of the Atlantic aided and abetted this, as did compliant policemen. News Corp journalists must have felt that the corporation was so powerful that any steps which brought out sensational stories were legitimate or at least beyond the power of the state to stop. Now, however, as this story pans out the Murdoch spell has been

broken. He may even face prosecution on either side of the Atlantic (he should have taken a leaf out of the other media mogul, Berlusconi's book and entered politics directly to prevent being prosecuted!). There will be as many votes in attacking him as in kowtowing to him. It is likely that there will be more calls than Miliband's to reduce his monopolistic influence.

It is the System that Stinks

Without getting too carried away the News Corp affair reveals the rottenness of our whole ruling elite. In some ways the roots of the present political crisis are the same as the banking crisis – a love of freedom for the super rich capitalist class. Murdoch promoted the deregulation of everything which gave him *carte blanche* to do what he liked and the banks benefitted from the same deregulation to speculate in the financial sphere. Successive Labour and Tory governments signed up to speculation and Murdoch at the same time.

Now the whole system should be in question. Unfortunately only a minority will do this. For all the shows of moral outrage we are after all only talking about a bun fight amongst the bourgeoisie. News International journalists are not the only ones hacking phones. Murdoch is not the only anti-working class press baron sitting at high table. News Corp is just more unscrupulous and has a lot more money to spend on bribing policemen. Which policemen? Up to now ten people have already been arrested by the police since this affair broke. The Met has been asked for months if not years to investigate News International's practices and they have refused. As yet they have not charged a single copper even though it must be a very small number who actually handle such sensitive evidence as victims' phones. There may be a good reason for this dilatory behaviour as the resignation of the Metropolitan Police's top two men reveal. The *Daily Telegraph* had revealed that Sir Paul Stephenson

enjoyed a five-week stay for free at the luxurious Champneys health farm in Tring which was promoted by the former deputy editor of the News of the World.

This was Neil Wallis. Apparently Sir

Paul has enjoyed the hospitality of News International 14 times since the scandal first started to emerge some 4 years or so ago. He has now resigned but the issue does not end there. Wallis also got a job as a consultant to the Met whilst another *News of the World* journalist was a translator for the police. The former assistant commissioner Andy Hayman (who had to resign in 2007 over expenses fiddles) and was the most senior detective until then investigating the phone hacking claims, on April 25 2006

had dinner with Andy Coulson and Neil Wallis, both of whom have been arrested in the past 10 days ... The dinner is just one of a series Mr Hayman, then the Metropolitan Police's assistant commissioner, enjoyed at the expense of News International.

The result of Hayman's investigation was that only one private investigator Glenn Mulcaire, and only one *News of the World* journalist, Clive Goodman were gaoled. Goodman claimed, with obvious validity, that he was not the only one doing it, but after News International paid him thousands in compensation he then said no more. Andy Hayman now writes a column for *The Times*. But it goes on. When the assistant commissioner John Yates came up before parliament in early July he admitted that the 11,000 documents relating to phone hacking lay in 6 bin bags for over four years in the basement of Scotland Yard and no one had ever looked at them. He had ended the investigation into phone hacking without looking at a single piece of this evidence. But then it did emerge that he also dined at News Corps expense with the arrested men at least five times. Small wonder he too has resigned. The problem our rulers have is that indicting News Corp is a bit like indicting themselves. For this reason alone incompetence will probably be substituted for corruption on the Met's charge sheet – that is, if anyone actually gets around to investigating them ...

A Free Press?

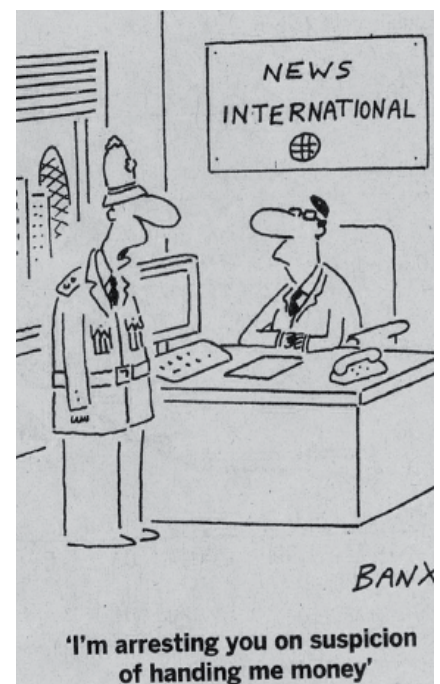
Of course the undermining of one of the pillars of the British state is of serious concern to our rulers. Ed Miliband is now calling for the reduction of News International's market share from 20% (his maths are poor – its nearer 40%) as it is "dangerous for democracy".

Murdoch himself "repents" (smell the hypocrisy!) in his apology published in all his rivals papers that:

Our business was founded on the idea that a free and open press should be a positive force in society. We need to live up to this.

This is sanctimonious rubbish. Under modern monopoly capitalist conditions there can be no such thing as a free press. Under capitalism we are all to a certain extent free but some (i.e. billionaires) are more free than others. In the past the bourgeoisie used to have to ban workers' papers (*Vorwärts*, the paper of the German Social Democratic Party was banned from 1870 to 1890). In "liberal" Britain the bourgeoisie were slightly more subtle. As more workers began to learn to read, despite the lack of education, in the early nineteenth century the capitalists began to worry. They thus introduced a stamp tax to put any newspaper with a working class standpoint beyond the price of most wage earners. Workers clubbed together to buy papers but there was no question of an independent workers' paper. After the defeat of Chartism, however, the British ruling class realised that abolishing stamp duty would allow the publication of more pro-capitalist popular papers to reach the masses. One of their more perceptive, Thomas Milner-Gibson, [MP (both Tory and Liberal) and President of the Association for the Repeal of Taxes on Knowledge] wrote

... a cheap press in the hands of men of good moral character, of



respectability and of capital [would give them] the power of gaining access by newspapers, by faithful record of the facts, to the minds of the working classes.

Free speech so long a pillar of popular radicalism was this one of the weapons taken up and used by capital to eradicate it. It was the beginning of a culture organised by capital **for** the working class. In the nineteenth century Britain this was to be one dominated by nationalism and imperialism. Murdoch in creating a populist capitalist press has thus only been following a long tradition. Press barons like Lord Harmsworth (*Daily Mail*) and Lord Northcliffe (*Daily Express*) got there long before.² It is no accident that these mass circulation dailies (along with the *Daily Mirror*) were all founded in the last years before the First World War. And when it comes to direct political interference the News Corp papers are true heirs of Harmsworth. It was his publication four days before the 1924 General Election of the forgery known as the Zinoviev letter (which supposedly encouraged the Communist Party of Great Britain to prepare for revolution in the event of a Labour victory) which is credited with bringing down the first Labour Government. And when it comes to anti-immigrant atrocities nothing has yet beaten the *Daily Mail* campaign against Jewish victims of Nazism. In 1938 they were asking

Why do we let in this army of spongers?....So many asylum seekers are pouring into this country....to milk the system...many are involved in criminal activity.

The joys of a free press indeed. Free to write the lies that suit the capitalist class. And little different from what today's gutter press write about the victims of oppression who seek asylum here. But gutter or otherwise, the ruling class get the press body they need. This does not have to be part of a conscious plot. In monopoly conditions only those with deep pockets can keep a paper going. Murdoch has been losing some £40 millions a year on *The Times* for years but he holds on to it as part of his power play to ensure that he can dominate the British press scene. Most people will have forgotten the *Sunday Correspondent* which lasted just over a year in 1990 or Eddie Shah's *Today* which lasted 11 years but in the end

went bust and was sold to Murdoch in 1997 (the Sun now uses its offices in Wapping). These papers were backed by millions but still could not be made into going concerns. It's an enterprise only for those who can afford it. The commercial and political interests of capital naturally complement one another. And as usual Marx summed it up best

The ideas of the ruling class are in every epoch the ruling ideas, i.e. the class which is the ruling material force of society, is at the same time its ruling intellectual force. The class which has the means of material production at its disposal, has control at the same time over the means of mental production, so that thereby, generally speaking, the ideas of those who lack the means of mental production are subject to it. The ruling ideas are nothing more than the ideal expression of the dominant material relationships, the dominant material relationships grasped as ideas; hence of the relationships which make the one class the ruling one, therefore, the ideas of its dominance. The individuals composing the ruling class possess among other things consciousness, and therefore think. Insofar, therefore, as they rule as a class and determine the extent and compass of an epoch, it is self-evident that they do this in its whole range, hence among other things rule also as thinkers, as producers of ideas, and regulate the production and distribution of the ideas of their age: thus their ideas are the ruling ideas of the epoch.

And all the hypocritical hand-wringing of politicians who have suddenly found a moral compass will try to keep it that way.

Jock

Notes

1 The Great Stink occurred in 1858 when the Thames was so filled with sewage that the stench led to the suspension of Parliament. As it was also then believed that the miasma from the stench caused cholera it led the authorities to begin a scheme for treating London's sewage properly.

2 This section is largely based on an article "Social Democracy and the Working Class in Britain" in *Internationalist Communist*

11Review 11 (1993). It is not on our website but a (very) few copies remain (£3 in the UK including postage).

Legal Aid Cuts

Another Attack on the 'Social Wage'

Although less high profile, and generally less valued than the NHS or social security provision, legal aid, introduced in 1949 was one of the founding pillars of the post-war welfare state. For the next 60 years legal aid went some way to providing 'equality before the law' for workers. Of course the legal system is firmly weighted in favour of the bourgeoisie, whether it be landlord, employer, debt collector or government agency, but legal aid has enabled workers to defend themselves against some of the worst excesses and sometimes to secure new rights albeit within the limitations of the system.

The Costs of Legal Aid

The cost of legal aid has stabilised over the last few years at around £2 billion per annum. Ministry of Justice proposals, which have been adopted in the Legal Aid Sentencing and Punishing Offenders Bill now going through Parliament seek to slash that budget by £350 million a year.

Legal aid falls into two parts, for criminal and civil law. On the criminal side legal aid provides non-means tested advice at the police station. Representation in the Magistrates' Court and Crown Court was also provided free of charge for many years but changes introduced by the last Labour Government introduced means testing. On the civil side means tested legal aid has been available for a wide range of civil law issues, and it is civil legal aid that will bear the brunt of the spending cuts. Areas of law such as family law, debt, welfare benefits, clinical negligence claims, housing, employment, education, and immigration will see legal aid removed from their scope entirely or subject to a far more restricted availability. Most of these areas of law concern serious problems that tend to be experienced most acutely by the poorest sections of society; immigrants, the unemployed, the lowest paid workers and, people with disabilities and mental health problems.

The Government Agenda

Although the Government says the cuts are driven by the dire situation of public



Protesters lampoon Ken Clark (Justice Secretary) as Marie Antoinette

sector finances, it is clear that they are also being pursued with ideological relish. The economic argument is far from clear cut and there is credible evidence that money spent by resolving problems at an early stage saves further higher downstream costs. Research carried out by Citizens Advice has estimated that for every pound spent on legal aid up to £8.80 is saved by the state by avoiding further costs, such as the cost of homelessness, loss of employment etc. The Law Society, the solicitors' professional association, has calculated that at least £350 million could be saved by measures such as improving the overall efficiency of the justice system without cutting the scope of legal aid. A significant amount of legal aid expenditure is created by having to remedy poor decision making by government departments such as the Department of Work and Pensions and the UK Borders Agency. This is evidenced by the high success rates on appeal to the Tribunals in welfare benefits and immigration cases. However attacking the rights of poorest is, it seems, more politically attractive to the ruling class, than the government putting its own house in order. It is more than coincidence that the areas where the legal aid cuts are at their most savage, are areas that concern disputes between individuals and the state. The government say they are preserving the legal aid for holding public bodies to account by judicial review. However judicial review is a highly technical legal procedure and

without initial legal advice it is highly unlikely that individuals will get to that stage.

And the Workers?

The legal aid cuts are not only an assault on the rights of individuals, they are also an attack on the workers who provide legal aid services. These workers are not the fat cat lawyers and ambulance chasers of popular demonology but solicitors and para-legal staff who work in small firms and not-for-profit agencies for modest salaries which are similar if not lower than those of junior teachers or social workers. These workers work long hours doing stressful work, often for difficult and demanding clients. They will now be subject to a 10% cut in fees for legal aid work. Taken together with the legal aid scope cuts, it is inevitable that the cuts will lead to significant job losses and salary cuts in the legal aid sector. As early as 1848 Marx wrote in *The Communist Manifesto* that:

The bourgeoisie..... has converted the physician, the lawyer, the priest, the poet, the man of science, into its paid wage labourers.

The legal aid cuts are just one further example of the proletarianisation of the so called 'professional classes' and proof that the old divisions the ruling class have tried to foster between 'blue collar' and 'white collar' workers are now absolutely meaningless. These cuts are just one further example of the dismantling of the post-war social democratic settlement and the growing authoritarianism the bourgeoisie needs to impose in order to make the working class pay for capitalism's economic crisis.

PBD

Famine in the Horn of Africa

Failure of Rain or Failure of the Global Capitalist System?

According to the United Nations Office for the Coordination of Humanitarian Affairs, the Horn of Africa is now facing the world's most severe food crisis. Around 3.5 million people in Kenya, 2.85 million in Somalia, and 3.2 million in Ethiopia are in need of urgent humanitarian assistance. An additional 117,000 people have found themselves in the same situation in Djibouti, and 600,000 people in northern Uganda are affected.

Drought Alone?

As we write the death rate amongst children arriving at Dadaab refugee camp is put at 6 in 10,000 by UNICEF. The principal cause of this famine is frequently stated to be drought. The rains have failed for two consecutive years and none is expected until September. It used to be an event that occurred once a decade but now it is more frequent (2 good years followed by 2 bad years). Some claim that it is all the fault of climate change. Whatever the cause, focussing on the lack of rain is an over-simplification. As Simon Levine of the Overseas Development Institute points out

... please don't call this a drought although the lack of rain will doubtless be the only problem that is discussed, as if pastoralists have never developed systems for coping with recurring rain failures; they have — by moving their livestock over the rangelands in search of new water sources and fresh pasture. Famines don't occur in pastoral areas when the rains fail unless they have other problems ...

And these other problems are war and rising world food prices.

Today the refugees camp at Dadaab in Kenya holds nearly 400,000 people although it was built to house only 90,000. Thousands more queue outside to get in despite the squalor of overcrowding. Most of the refugees come from Somalia and most have been forced south because of the civil wars that have gripped the country for decades (a barbaric legacy of the Cold War). Somalia has ceased to be a state and the population of the South face



barbarism heralded by violent attacks by militia who do not hesitate to rob, rape and behead in the name of extracting "aid" from herders. Southern Somalia is in the hands of the Al-Shabaab Islamists but the transitional government which barely clings on in Mogadishu aided by Western governments has recently taken the fight further south. This is no place to look for food or pasture.

Global Food Prices

At the same time any hope of buying food has also dwindled.

According to UNICEF

In Baidoa, Somalia, for example, the price of red sorghum has increased by 240 per cent. The price of maize has increased by 117 per cent in parts of Ethiopia and by 58 per cent in some areas in Kenya.

Kenya's overall inflation rate is in double digits though it is the most stable economy in the region. The World Development Movement states that in Djibouti the price of wheat flour rose 17% in a single month.

The same report also tells us that

The price of maize—more of which is grown than any other staple food crop—has increased by 102 percent since April 2010. New research from the World Development Movement reveals that hedge funds, investment banks and others own futures contracts for maize worth \$15.7 billion up 127.5 percent from a year ago.

This shows that this is not just a local issue. World food prices have been going

up astronomically for four years. Part of this is because a lot of acreage has been diverted into producing ethanol as a so-called green fuel (which it is not and thus double disaster has been created). But an equal portion of the blame lies on the speculators or as the WDM politely calls them "hedge funds". The same parasites who have been bailed out by Western governments are reducing more of the world's population to starvation. According to some aid agencies a measly £10 billion will solve the immediate threat to life for most in the Horn of Africa. Two thirds of that could come from bonuses (£7 billions) paid to British bankers this year! The British Government has offered only £52 million (partly funded by cutting "aid" to Malawi for its lack of democracy) and the US less than half that. And these are the most generous of the richer nations.

No Sudden Emergency

This is not a crisis that has come upon the world suddenly. Aid agencies of all types were highlighting this problem last year but few were listening. As the head of one UN agency stated

Droughts are predictable, as are, to some extent, price fluctuations ... While we concentrate our efforts on the immediate human consequences right now, we must equally commit to viable, longer term and pro-child approaches in these areas. We must ensure that this kind of crisis never happens again.

Ever had the sense that you have heard that before? And before ... and before that? There is no shortage of food to feed the world's population but there is lack of food in the right places for the whole world to avoid malnutrition and starvation. This will always be the case as long as production for profit dominates and the necessities of life are seen as mere commodities and not as human needs. This tragedy will be re-written many more times yet ...

Jock

The Unfinished Business of the Arab Spring

The Arab revolt which started in Tunisia last January and swept across North Africa and the Middle East has been a political earthquake. Its aftershocks are still reverberating across the Mediterranean and being felt round the world. Countries in an arc from Morocco to Yemen have been directly affected by protests and revolts and two of the West's most trusted satraps, Ben Ali of Tunisia and Mubarak of Egypt have been forced from power, while regimes such as Syria and Bahrain survive only by brutal repression. Meanwhile the Western powers have used the revolt in Libya as the pretext to start yet another Middle Eastern war whose aim is, in part, to cushion the shocks of the revolt and control it. However, despite bloody repression in countries such as Syria, Bahrain, Yemen and draconian new laws in the "replacement" regimes of Egypt and Tunisia, the revolt is far from over. In early July, at the time of writing, weekly demonstrations against the Syrian regime continued, despite the killing of over 1600 protesters, while there were fresh demonstrations in Tunisia and in Egypt against the replacement regimes. In Egypt Cairo's Tahrir square was again occupied. Protesters were vowing to occupy until the military council, which has been running the country since the fall of Mubarak, was removed from power. A secondary demand, indicating the continuing proletarian element in the movement, has been that of increased pay for public servants. In Suez workers have struck demanding increases in pay and punishment of police who murdered strikers in February. They have blocked roads and threatened to close the Suez Canal if their demands are not met. This is occurring despite laws passed by the military junta, in March, outlawing demonstrations, sit-ins and strikes and introducing the crime of "sabotaging the economy", for which strikers and demonstrators can be fined or imprisoned. While the revolt continues in North Africa and the Middle East it is also providing an inspiration for demonstrators and workers in Europe. In Spain

and Greece, demonstrators, clearly following the tactics of the Tunisian and Egyptian revolts, have occupied squares at the centre of cities as part of their struggle against the cuts and unemployment, which their governments are enforcing.

Imperialist powers wrong footed

The imperialist powers were initially wrong footed by the revolt and have scrambled to keep up with the changes. Only weeks before the January uprising in Tunisia, the IMF published reports praising both Tunisia and Egypt for their sound economic policies and stability. This was despite massive unemployment, poverty and state repression in both countries. What the IMF admired, of course, was the low wages and appalling conditions, which these regimes were able to impose on their working classes, and the consequent high growth rates and production of profit. Needless to say both regimes were key allies of US imperialism. Initially the US and its European allies appeared stunned by the uprisings and felt it best to sit on the fence and await the outcome. Of course, once the Tunisian and Egyptian dictators, whom they had previously supported and praised, were swept away they changed their allegiance and announced their love of democracy and freedom etc. and manoeuvred to retain their influence with the new rulers. In fact, the new regimes are essentially the old regimes with new faces in the ruling positions and the main task of the imperialist powers has been to try and stabilise them and prevent any real change. Existing alliances, such as the US cooperation agreement with the Egyptian military, have been confirmed; while there has been a sudden willingness to lend the new regimes masses of money. When the Egyptian regime, for example, announced in May that it needed to borrow \$12bn to prevent bankruptcy in the next 12 months, negotiations were immediately started with the IMF and World bank for loans of \$4bn and \$2.2bn respectively, while the US offered to forgive \$1bn of existing

debt and provide a loan guarantee of \$1bn.¹ President Sarkozy of France announced that the G8 group of countries would lend Tunisia and Egypt \$10bn in direct aid.² Elsewhere the US and European "love of democracy" has been noticeably absent. In the case of Saudi Arabia and Bahrain who are key oil suppliers and key military allies in the Persian Gulf it we have seen "love of absolute monarchy" and consent to violent repression of pro-democracy opposition. Bahrain is the base for the US Seventh Fleet and the centre of US military operations in the area, and unsurprisingly the US has sanctioned a full scale invasion by Saudi forces to protect the Khalifa monarchy and suppress the pro-democracy movement. Brutal repression has, of course, followed with civilians being tried in military courts and given life sentences for supporting democracy and denouncing the monarchy. Even doctors who treated the victims of repression have been tortured into confessing they murdered people.

The Libyan war, which the US and Europeans started in March, supposedly to "protect civilians" demanding democracy from the brutal dictatorship of the Gaddafi regime is clearly aimed at getting western hands on Libyan oil. Libyan oil is important since it is low in sulphur and Libyan reserves amount to approximately 10% of the world's "sweet light crude" oil. The US and Europeans obviously consider that the Benghazi opposition will give them better access to this oil than the Gaddafi regime and so they intend to bring it to power. This opposition appears to be largely made up of defectors from the Gaddafi regime, not previously noted for their "love of democracy" and is said to have been fostered by the French secret service. NATO is now acting as the air force for the Benghazi rebels, who call themselves the Transitional National Council (TNC), while its military specialists train the rebel army. The main countries prosecuting the war have now recognised the TNC as the legitimate government and are

preparing to release the Libyan funds, confiscated when the war began, to the TNC for prosecution of the war.³ The war was started under the pretext of protecting civilians by imposing a no fly zone over Libya. All this has long since been forgotten and the objective is now simply destroying the Libyan military and ousting the Gaddafi regime. The fact that the war is clearly not for the protection of civilians is shown by the indifference the western powers show to the hundreds of civilians killed in Bahrain and the 1600 or more civilians who have so far been gunned down by the Syrian regime.

All these contradictions serve only to expose the hypocrisy of western imperialism as it tries to justify its actions with high sounding principles. In fact, what is happening is the protection of economic and strategic interests by deceit and naked force, without the slightest concern for the welfare or rights of the people in the area.

However, while the imperialist powers try to damp down the flames of revolt the forces driving the Arab Spring and the unrest in Europe and the US continue to fan the flames.

Impulse of the economic crisis

The Arab revolt and the unrest in Europe are both driven by a common force, that of capitalism's economic crisis. The financial crisis which exploded in 2008 was a symptom of a longer crisis whose roots lie in the secular tendency of the rate of profit to fall. Reduced profitability of industrial capital has caused profits to be invested in speculation rather than productive capital. The result of this is to massively inflate values of assets subject to speculation and so produce "asset bubbles", such as the dot-com bubble or the sub-prime mortgage bubble. These higher values cannot be sustained by the profits produced by industrial capital and eventually collapse precipitating a write down of capital values and a general crisis. The crisis of 2008 shook the entire structure of capitalism more severely than anything since the 1929 stock market crash. The banks and financial institutions sustained such tremendous losses that the major states had to refinance the banks and convert their losses into



national debt. The aftermath of this was an industrial crisis caused by banks withdrawing credit which undermined industrial activity and caused a collapse of trade. For workers worldwide, including the Middle East, this produced layoffs and wage freezes or wage cuts. This was particularly severe for workers in the Middle East. Egypt's exports to the EU, for example, halved between 2008 and 2009, and those of Tunisia and Morocco to the rest of the world fell by 31% in 2009.⁴

At the same time as unemployment and pay cuts were being forced on workers the price of basic food stuffs started to rise. This has been caused by some extreme weather events⁵ and renewed speculation on food stuffs. A further cause of the rise in cereal prices was rise in oil prices which always directly increase the price of producing food but which also resulted in maize being diverted from human consumption to manufacture of alcohol and bio-fuels. After the financial collapse of 2008 food prices initially fell but from mid 2010 they began to rise dramatically again. The price of wheat, for example, was \$157/tonne in June 2010 but by January 2011 it had risen to \$326/tonne a rise of over 100%. Workers were therefore hit by the effects of an industrial crisis and an agricultural crisis. For workers in the Middle East, wheat forms a significant part of their diet. For an Egyptian family, grain amounts to 48% the average value of food consumed.

Egypt, which has a population of 83 million, is the world's largest grain

importer and imports 8.8 million tonnes annually. Tunisia is also highly dependent on grain imports. Although it imports only 3.5 million tonnes annually, its population is only 10.5 million. Hence its imports amount to 3 times those of Egypt per person. The severity of these rises can be understood by simple arithmetic and in Egypt food prices rose by approximately 80% in 2010.

In Europe the strategy of transferring unsustainable banking debt to the state has proved a short term expedient since this has simply made the state debt unsustainable. The only way the state could gather sufficient profit to pay off interest and capital on these debts is to take profit from wider sections of the economy than were available to the banks. The state is able to do this via taxation or by cutting its spending or both. In fact, the European governments are doing both these things. Increased taxation is coupled with massive cuts in expenditure, notably expenditure on social benefits paid to the working class such as unemployment benefits, housing benefits, healthcare, pensions and so on. These measures are producing sharp falls in living standards. It is clear that in Europe, the Middle East, and indeed worldwide, that the working class is being forced to pay the costs of the crisis one way or another.

The Arab spring has seen defensive struggles against increasingly intolerable conditions converted into an offensive struggle against the structures of the state and in Egypt and Tunisia sections of the police and

International

army collapsed. This has shaken the Arab ruling class more profoundly than at any time since they achieved nominal independence from colonial domination. However, although the ruling elites have suffered a severe shock, the bourgeois class has regrouped its forces and remains firmly in control. The reason for this is, of course, that the movements were not class movements, had no clear goal or programme and have been shot through with illusions. These illusions will require a much longer and deeper period of struggle before they can be thrown off.

Illusions of the "Peoples' Movements"

From the start the movements behind the Arab revolt were heterogeneous inter-class movements which tended to be dominated by the petit bourgeoisie. In these circumstances it is inevitable that the illusions which are present in the more articulate middle classes come to the surface and tend to colour the demands which the movement makes and what it achieves. This can be seen in the general support for nationalism throughout the "Arab Spring." In general the movements were determined to paint themselves as the true defenders of the nation by carrying national flags and even, in the case of the Libyan rebels, reviving flags of the old monarchy. It is ironic that so many of the Libyan workers were migrants from North Africa, the Indian subcontinent and even China thereby demonstrating, in fact, the international nature of the working class. Although workers participated in the movements from the beginning, they participated as individuals and were unable to impose their aims on the movement. When finally the Tunisian and Egyptian workers moved collectively for their own interests this proved decisive and the resistance of the bourgeoisie crumbled. Ben Ali and Mubarak were removed from power and some of the workers demands' were met. This can be contrasted with Libya where workers did not participate as a class force and the revolt degenerated into a bourgeois civil war. In Libya the working class was further weakened by the departure of migrant workers, who make up about 30% of the working class.⁶ At



present the situation in Bahrain and in Syria is also one in which the working class has not committed itself to the uprising. The Syrian regime is able to sustain itself via a policy of divide and rule and continues the bloodletting, while in Bahrain the movement appears to be degenerating into a sectarian Sunni/Shia struggle.

The retreat of the Tunisian, and particularly the Egyptian regimes, in the face of class struggle confirms that the working class is the only class with the ability to force the bourgeoisie to concede the demands of the "peoples' movements." However, the demands of the movement at present represent only illusory reforms. Two demands are worth considering briefly, the demand for "democracy" and that for "free trade unions."

The demand for "democracy" has been raised in all the uprisings of the Arab Spring. What is meant by this is the "bourgeois democracy" which exists in Europe and the US. The hardship and poverty, which the bulk of the population suffer, was seen as a result of the autocratic government which cannot be held to account by the people. It is somewhat ironic that the movement in Spain, which occupied the central squares of many cities for a month, also raised the demand for democracy, though they were meaning a democracy free of the influence of capitalist corporations. This shows the importance of the democratic illusion for the world's ruling classes. In fact, democracy can never be free from the influence of capitalist corporations as

the Spanish protesters imagine. In class society political power can only be an expression of the economic power of the dominant economic class and no amount of meddling with representation and voting can change this. The dominant economic class controls, not only the production of the commodities required to sustain life, but also the production of ideas, and is therefore dominant intellectually. It has the ability to control the results of elections and referenda through this domination. Democracy without equality is a contradiction in terms and capitalism is, of course, based on inequality. This is why under capitalism democracy is a complete fraud, but a very useful fraud as far as the bourgeois class is concerned. It fools the people into thinking they have some influence on what their governments do and at the same time stops people realising that the real cause of their problems is the class nature of society which is based on the exploitation of one class by another. Only under a classless society, that is a society of real equality, can true democracy exist. That the "Arab Spring" put the demand for democracy on its banners was a great relief for Western ruling classes and in general they were able to welcome this demand, since they know that bourgeois democracy will change absolutely nothing. Conceding "bourgeois democracy" will simply bring the Arab masses to the position in which the European and US working class finds itself, namely exploited through the system of wage labour and told they can only legitimately change this by voting for

different factions of the ruling class in elections every four years or so.

A further demand was that for “free trade unions”. In the North Africa and the Middle East trade unions are generally controlled by the state and have no semblance of independence from the ruling class. The formation of independent unions appeared, to many workers, as a way of advancing their struggle and winning concessions from the capitalist class. This is another illusion. Trade unions today are tools of the ruling class used for controlling and policing the class struggle. This is true no matter what degree of formal independence they have from the ruling class and the state. The reason for this is that the position they occupy within the capitalist system is one of negotiating the price and conditions of the sale of labour power. This position necessarily accepts the entire capitalist framework, namely capital exploiting wage labour. Unions attempt to try and make this system function smoothly and to make it operate to the benefit of wage labour. Since unions accept the capitalist system they also accept the role of dealing with its problems which inevitably entails enforcing the logic of the system on the working class. This is why trade unions in Europe and the US, which are nominally independent of the state, consistently enforce the needs of the capitalist system, in the shape of redundancies, wage freezes, or wage reductions and cuts in social services on their members. At best the unions act as shock absorbers delaying the imposition of these things and putting up a token resistance. As in the case of democracy, independent trade unions are extremely useful for the capitalist class because of the control they exercise on the struggle of the working class. An illustration of this is the role the capitalist class played in South Africa in setting up independent unions under the apartheid system to control the class struggle. These unions once they were set up were used as a means for controlling the class struggle and today they are in a formal alliance with the government. Setting up of independent trade unions in the Middle East will simply reproduce the system which exists in Europe and the US. The ruling classes in Europe and the US were therefore

able to welcome this demand rather than seeing it as a threat.

In the last three decades the working class has become more international than ever before, and the crisis is forcing the capitalist class to attack it in every country. Workers in the so-called “developed” countries are under an attack just as ferocious as that unleashed on workers in the “developing” countries. Workers in “developing” countries need to free themselves from the illusions that the means of political control of the state or means of policing the class struggle in the “developed” countries represent a way forward. The way forward is independent class struggle oriented to the overthrow of the capitalist system of production. To do this requires bypassing the structures set up by the bourgeois class to control the political and class struggles. Structures which allow the participation of the mass of the working class and operate by direct democracy are what are needed.

Peoples’ Assemblies or Workers Councils

The occupations of squares of major cities and the attempt to organise the protest movement via bodies set up by these assemblies represents a move to break free of the means of control which the capitalist class enforces. Political structures, political parties and trade unions are all bypassed, and a forum for open discussion is created. This is a clear step forward. The difficulty, however, is that of progressing from discussion to action given that the assemblies are inter-class in nature and hold masses of divergent views. As has been said above the working class has proved too weak to influence these assemblies. The assemblies in Europe have also been characterised by a mistrust of all political parties not simply bourgeois ones. In the assembly in Syntagma Square in Athens, for example, political parties were prohibited from speaking in the discussion forums. This clearly limits political development in the assemblies. However, there is obviously a possibility that a general mobilisation of the people in occupations, such as we have seen in the Middle East and southern Europe, could be used to facilitate the

creation of workers councils. These councils could send representatives to the peoples’ assemblies and speak on behalf of the workers. While the occupation of centres of cities is an irritation to the ruling class, these occupations are something they can tolerate. What they cannot tolerate is collective strike action as occurred in Egypt. Once it becomes clear that collective power of workers is the only force able to win anything from the capitalist class, workers representatives could influence these assemblies and give them an anti-capitalist orientation. This could lead to the strengthening of political forces in favour of communism⁷ and a fluid situation in which the power of the bourgeois class is challenged. Ultimately, the workers councils need to become an alternative centre of power. When this occurs the peoples’ assemblies will be irrelevant and the question of revolution will be posed.

CP

Notes

1 See *Financial Times* 19/04/11 IMF loan of \$3bn was subsequently agreed.

2 See *Guardian* 6/6/11

3 The US alone holds \$61bn of Libyan funds. See *Financial Times* 16/7/11. It is likely that some of these funds will find its way into the coffers of NATO. Libyans will be forced to pay for the bombs NATO rains down on them.

4 See World Bank figures quoted in “Le rivolte arabe parlano al proletariato del mondo intero” in *Prometeo* 05 March 2011

5 The droughts and floods in various food producing areas can be attributed to alterations in weather patterns caused by global warming which is intimately connected with capitalism’s continual need expand production. See “Environmental Disaster or Communism” *Revolutionary Perspectives* 52

6 The exact numbers of migrants in Libya are not officially stated but thought to number between 600 000 and 2 million. See <http://www.africafocus.org/docs11/na1103.php>

7 By communism we mean production for human need in a classless society. This has absolutely nothing to do with the system which existed in Russia which was a form of state capitalism.

Crisis in the Iranian Ruling Class

Everything that had been planned by the Iranian state, prior to the disputed election of 2009, seems to be falling apart. As a result the power struggle among factions of the ruling class has been intensifying on an almost daily basis. There is no end to it. The split between Khamenei and Ahmadinejad came more obviously to the public's attention when Ayatollah Khamenei reinstated the intelligence minister, Heydar Moslehi, whose "resignation" was accepted by Ahmadinejad a few days earlier. Apparently, approval of intelligence appointments by Khamenei, has been an established procedure which all previous Presidents had followed.

Ahmadinejad reacted by staying at home, not reporting to his office for eleven days in tacit protest. He only returned to his office once the MPs signed the petition for impeachment of the President with the implicit encouragement of Khamenei. However, the battle intensified between Ahmadinejad and Iran's judiciary as the arrest of his close allies, charged with sorcery and witchcraft, began!

Then he hit back by saying in an interview:

"I will hold myself responsible for defending the cabinet ... the cabinet is a red line and if they want to touch the cabinet, then defending it is my duty."

(1)

Guardian Friday 1 July 2011

The following weeks witnessed a further escalation in the war of words:

"Gen. Mohammad Ali Jafari, commander of the Iranian Revolutionary Guards, said in a recent interview that the responsibility for dealing with a 'deviant current' (the term used for those around President Ahmadinejad's by his opponents) is with the Iranian Revolutionary Guards. He added that the Revolutionary Guards will participate in setting the criteria and conditions for holding parliamentary and other elections in the future. (2)

As the tightening got worse and more of his allies were arrested, Ahmadinejad hit back again in the following statement in a conference on "The new strategies in preventing and combating smuggling and currency fraud" which was censored by the Iranian official media,



Ayatollah Khamenei

"Between 55 to 60 billion cigarettes are consumed in Iran which is equivalent of two billion dollars. This figure tempts the first class traffickers, let alone our own 'smuggler brothers'!" (3)

This was a hint about the Revolutionary Guard's involvement in illegal activities. The Revolutionary Guard's involvement in smuggling goods goes back as far as the establishment of the Islamic Republic itself. The fact that the Revolutionary Guard have been in charge of many entry points to the country which are exempt from customs duties and smuggles illegal alcohol, cigarettes, cosmetic goods ...etc. are all well known to the great majority of Iranians, so he was not revealing anything new except that he was warning his "smuggler brothers" not to push it too far.

The following statement by Parviz Sarvari, member of the Parliament's Commission of National Security sheds further light on the nature of the dispute:

...the problem that we witness, is the activity of a deviant current which has been preparing the ground for the upcoming elections much earlier than March 2011. This may even go back 3 years when the deviant current started to hold its meetings to announce their policies and began to organize their campaigns. (4)

From both statements by the Revolutionary Guards and the one above, it appears that in general the issue of controlling and manipulating the upcoming parliamentary election in March 2012 is central to both factions.

Elections

Focussing on the election is not limited to the current factions in power. The main two camps, conservatives and the reformists, led by Khamenei and Rafsanjani, are trying to settle their differences through the upcoming parliamentary election and have come up with a formula for power-sharing to repair the damage that the state suffered following the 2009 disputed election. (for further information see *Revolutionary Perspectives* 51 2009) But they are facing two major problems; first the presence of the element of distrust among themselves, which may well require both camps to make some sacrifices/changes in their personnel and structure and put their house in order by calming down their "extreme elements" or else just to get rid of them, so the ground for re-establishing the trust of each other is prepared, without either camp losing face. The reformist camp has taken the necessary steps in this direction. Despite having their two leaders under house arrest and hundreds of their activists in prison, Khatami recently summed up this as such:

"If injustice has been done, which has been done, let's pardon each other and look for the future, if the Islamic Republic and its leader have been have been oppressed then for the sake of the future, it could be forgiven and the Iranian nation will forgive the injustice that has been done to its children." (5)

The second problem is how to regain public trust in election and preferably by creating yet another hyped up election atmosphere, as they did in 2009. No one is more tuned in on this than Rafsanjani:

"I believe that mutual trust between people, political activists and the media with the Islamic Republic, will solve the problems"

and he added that

"... in the current situation of the country, I do not know of any other alternative to the Islamic Republic of Iran and to its supreme leader Ayatollah Khamenei." (6)

Furthermore, the election dispute in 2009, has made all elements of the ruling class more aware of the potential existence of a revolutionary movement, capable

of questioning the Islamic Republic as a whole. So the one major element that pushes them to unite is **saving the Islamic Republic**, on which all of them depend. In every case it will all be under Khamenei's leadership albeit with a reduction of his power. This will allow the ruling class to prepare for the post Khamenei period too, possibly in the form of a collective/selected leadership which Rafsanjani has been tacitly promoting for a while. This has been further galvanised by the recent uprisings in other countries in the region. This has made "free elections" more possible, which as a result may ease international pressure too. It will also help both camps concerns regarding the role of the army in the political process.

Addressing Revolutionary Guards' personnel Khamenei said

"This is a time when a deviant current stands against the revolution in order to suppress the revolution as happened in the 2009 events, on other occasions, the move it is not about toppling the government, and thus probably it is about differences of opinion and different tactics. They should be kept in low profile. To ignite this type of disagreement is harmful. "* (7)

This general tendency towards resolving differences through the parliament at the same time manoeuvring to have the upper hand in controlling different institutions, such as parliament, the ministry of intelligence...etc., despite a war of words and hostile posturing, seems to be establishing itself even for the loose elements like Ahmadinejad.

In his recent interview he said:

"The members of my government are there to serve the public without expectation of any rewards, just as a servant and whenever the time for serving is up, they will be set aside, however they will not waste a second in carrying out their duties." (8)

The real split among the ruling class, which has shaken the whole state to its marrow and has resulted in fighting amongst all the bourgeois factions, is of a **temporary** and **reactionary** nature. Almost certainly they will be united against the working class soon or later. Their fight perhaps could be summed up by an old Iranian proverb

"When the carriage horses get to the

top of the hill, out of breath they bite and turn to kick each other."

Whilst they are kicking each other, under the grave weight of the current economical crisis, however, they will carry on their business as usual to prepare and present the same old status quo as a new alternative.

The Alternative

Their business is to prepare the ground for the next elections. In other words, along the way, all of the ruling factions and the opposition, including the Green movement are gearing up to mobilize for the coming election in 6 months time. Along this path, each faction and opposition group will play with their specific cards. Some will use the religious card, referring to verses of the holy book to endorse their policy. Others will use the nationalist card, with references to Cyrus, his justice and the great Persian Empire! Some will use the suffering of their "prisoners". Prison notes and poems will be circulated in ceremonial gatherings to introduce the living "heroes" as our saviours. All to maintain the focus of attention on the various bourgeois agenda; election, civil disobedience.....etc

And they will receive support from their global partners such as the IMF which had this to say on the targeted subsidies plan, the very plan that has pushed so many of the working class families below the poverty line.

"The mission commended the authorities for the early success in the implementation of their ambitious subsidy reform program. The increases in prices of energy products, public transport, wheat, and bread adopted on December 19, 2010, are estimated to have removed close to US\$60 billion (about 15 percent of GDP) in annual implicit subsidies to products. Press Release No. 11/228, June 13, 2011

But their plan is only one possible scenario. The second possible scenario which will dismantle all their plans is the working class' arrival on the scene. Against all their manoeuvres, despicable appeals for leader's mercy....and all the usual nonsense on religion, nationalism etc., the working class has its own card to play, the class struggle. The presence of the current crisis, which has reduced the living condition of millions of the working class families to an unbearable level is still pushing the ruling class to come up

with more austerity plans, such as the recent subsidies plan (for more details see *Revolutionary Perspectives* No. 57), the high level of unemployment ... etc. show. This has left no other choice for the working class but to revive the class struggle.

The presence of hundred thousands of protesters in the streets, from Syntagma to Al Tahrir square, to streets in Spain, Tunisia..... is not only a testimony to parliamentarism's dead end, but it is also testimony to the global nature of the crisis. As the austerity plans in Greece, UK, Spain, Italymanifests the world capitalist united action against the working class, so the response can only be united world working class resistance. The formation of the political organization which deals with the root causes of the crisis, with the anti-revolutionary nature of reformism and the limitation of street protests, is the first step in raising the flag of working class resistance.

* The word 'revolution' in the official language in Iran is taken as synonymous with the Islamic Republic

Damoon Saadati

Notes

1. <http://www.guardian.co.uk/world/2011/jul/01/iran-state-tv-censors-ahmadinejad-speech>
2. http://www.radiofarda.com/content/f7_alireza_nader_commentary_on_ahmadinejad_vs_revolutionary_guard/24268086.html
3. www.youtube.com/watch?v=v0ddK_jLRhk
4. <http://parsine.com/fa/pages/?cid=36713>
5. http://www.radiofarda.com/content/f10_rafsanjani_says_he_knows_no_substitute_for_the_regime_and_supreme_leader/24264173.html
6. http://www.bbc.co.uk/persian/iran/2011/05/110516_i17_khatami.shtml
7. http://www.radiofarda.com/content/f11_iran_postelection_ahmadinejad_ses_statement/24261798.html
8. <http://www.imf.org/external/np/sec/pr/2011/pr11228.htm>

The Great Unrest 1910-1914: When the Working Class Shook Britain's Capitalist Foundations

As time goes by and the internet becomes the main source of information the forgotten details of working class history tend to remain buried in the archives and only selectively brought out to bolster Labourist interpretations of the past. The article here takes a look back at the period immediately before World War One and includes material from local archives in the North-east and elsewhere which highlight that the 'Great Unrest' was not only about legendary incidents like gunboats up the Mersey but was a class-wide, country-wide, movement that alarmed the British capitalist state.

From 1910-1914 Britain was racked by a series of strikes that were noted for their militancy and for their refusal to follow the dictates of union leaders. This militancy shook the British capitalist state to its foundations and forced the Liberal government of Herbert Henry Asquith to increasingly turn to military means in an attempt to halt the strikes. While the most famous examples of Government militancy was the despatching of two warships up the River Mersey following the 1911 strike of seamen there are also plenty of other examples such as the use of troops during the rail strike of 1911 in an attempt to keep scab trains operating. This period saw workers militancy break out of the boundaries of bourgeois legality and begin to start to develop towards a more critical consciousness which questioned the very basis of capitalist rule.

Economic Restructuring and Austerity

Before going on to give a brief outline of this militancy and what this meant for the development of class consciousness it's important to place these series of strikes in their context. The first thing to understand is that these strikes came in the wake of the end of the period of "peaceful" capitalist growth. The long economic expansion had already shown signs of coming to an end in the so-called Great Depression of 1873-96. A short boom followed but by the early part of the twentieth century wages remained stagnant whilst prices increased. This meant that workers were increasingly seeing their standard of living cut. The parallel with today is striking. Back in 1910-14 capitalism was also at the end of a

cycle of capital accumulation.

However the experience by the workers of a cut in living standards does not explain why the great unrest occurred. After all, low wages were nothing new to British capitalism. Poverty alone does not facilitate militancy. Something else was required and this something else was in fact two extra add-ons. As mentioned earlier for British capitalism to successfully compete in a world market the owners had to attempt to reorganise production so that it extracted a higher level of exploitation from the workforce. To extract higher levels of surplus value this could only be done either by cutting wages or by reorganising production so that fewer workers produced more goods for the capitalist market. This was and is done to this day by increasing the mechanisation of the plant. This invariably met with resistance from workers who attempted to exert some sort of control over the labour process or resist new "scientific" management ideas like Taylorism. This combination of who will control the labour process: employer or employee, with the added pressure of the declining standard of living ensured that class tensions were slowly building up throughout British society.

Dismay with the Labour Party

With the growing attempts by the bourgeoisie to increase levels of exploitation there was also a concomitant growth of socialist ideas and organisation amongst the working class. This movement arose due to the increasing disillusionment that many younger workers were experiencing with the Labour Party. After the gains the Labour Party

made during the 1906 election there were great expectations that workers' conditions would improve now that they had a voice in parliament. It didn't take long for these ideas to be dispelled as the Labour Party in parliament cosied up to the Liberal government. While the Liberal government of Asquith introduced a series of reforms, the most notable being the National Insurance Act of 1911, they were still not enough to tackle the growing problem of both unemployment and cuts in wages. This opposition to the Labour Party was voiced by the Marxist John MacLean when he argued

The 1906 election saw the marvellous success of Labour candidates. It did not matter to me how some had won. A new party now existed to champion the cause of Labour... Things looked rosier, and to finish up, at the 1907 Labour Party Conference, a sort of socialist resolution was carried.

This gave some of us the chance we desired. Hyndman and some others of us advocated affiliation of the SDF in Justice, and supported a resolution to that effect at our 1907 Conference, at Manchester. We were defeated.

Since then the Labour Party, instead of fighting for the working class and maintaining a sturdy independence, has acted as apologist for Liberal ministers, measures and policy, and has, in consequence, proved the most efficient touting agency for that party... [My Objections', John MacLean in Forward 6 August 1910].

This increasing resentment as

voiced by MacLean towards the Labour Party allowed the growth of political organisations such as the Independent Labour Party ILP, the Social Democratic Federation SDF alongside the growth of the Socialist Labour Party SLP. While this was an encouraging development in the sense of offering a political alternative to the Labour Party the problem for the working class and especially the revolutionary minorities was that each of the organisations had serious flaws. The ILP was heavily influenced by pacifist ideas while the SDF under the leadership of Hyndman was increasingly drawn towards Social Imperialism which Lenin described as socialism in words imperialism in deeds. In the case of the SLP the flaw both organisationally as well as theoretically was their adherence to semi-syndicalist ideas.

Syndicalism as an Alternative

In the case of the trade unions, where the emergence of the new unionism of the 1880's had for the first time organised unskilled workers such as Dock Workers, Gas Workers etc, by the early part of the twentieth century these organisations had increasingly turned to arbitration to resolve disputes between employers and their members. While the members looked to immediate action to solve disputes they were increasingly held back by the full time officials who urged negotiations to settle disputes. This led to increasing anger amongst the members, especially younger members who came to increasingly believe that the full time officials were more interested in negotiations rather than settling the dispute in favour of the members.

In response to the union leadership's conciliation strategy towards the employers, combined with a growing resentment towards the Labour Party's reluctance to criticise the Liberal Party, younger union members began to be pulled towards syndicalism. For many younger workers the appeal of syndicalism was in its rejection of political parties, combined with the argument that what the working class needed was new forms of union organisation which did away with sectional organisation and replaced it with one union in one industry. The strength



Soldiers parade to intimidate workers, Liverpool 1911.

of syndicalism lies in the recognition that worker strength lies at the point of production i.e. the workplace while its weakness is in its rejection of political struggle. For syndicalists the point is that capitalism will be replaced after workers have staged a general strike and have taken control of the workplace. What this overlooks is that the bourgeoisie will not wait patiently while workers organise collectively. Rather, when they feel that their class interests are being threatened then they will mobilise the full force of the capitalist state in an attempt to smash workers rebellions. In fact what the employers did during the great unrest was to use their state to smash strikes such as Liverpool as well as arrest militant leaders such as Tom Mann.

In the Durham coalfields young miners such as George Harvey and Will Lawther took syndicalist ideas into the coalfields to challenge the conservative DMA leadership. In the railways there was the paper *Syndicalist Railwayman* edited by Charles Watkins that also gave an alternative leadership. However, these ideas were inadequate to take the level of strike beyond mere economic demands and into a fundamental challenge to the capitalist state.

Workers Take Action

While syndicalism had many weaknesses it did provide an organisational method for many young worker militants and can be seen in one of the first major strikes of this period which was the 1910 strike by Durham miners, which was held against the wishes of the conservative leaders of the Durham Miners Association. The miners went out on strike for eight weeks over an attempt by coal owners to establish a

three shift pattern of working rather than the two shift pattern which had been established since 1890. This strike was characterised by high levels of direct action by the mining communities themselves, both men and women, against attempted scabbing. It lasted for twelve weeks and was followed in 1912 by a national strike demanding a minimum wage which again was characterised by a high level of working class militancy.

While miners were fighting for improved wages and better conditions railway workers across the country were also drawn into the struggle. What began in 1911 in Liverpool quickly spread as many rail workers took strike action often against the advice of their union leaders. These strikes were also characterised by high levels of militant direct action which also involved support from the local communities. The most famous confrontation took place at Llanelli in South Wales where the entire town was put under siege by the military and it led to the death of two striking railway workers. There is also a report in the Durham Chronicle that as the scab trains were passing through Annfield Plain on the way from Tyne Dock to Consett they were met by local workers who subjected the train to "severe stoning." In Shildon a strike locally known as Knox's strike resulted in 540 armed troops being deployed in the town to protect scab trains. In Darlington a further 1,000 troops were deployed to quell local unrest.

While the Great Unrest has been seen by labour historians as involving leading sections of the working class such as miners, railway workers and dock workers other groups of workers, usually unorganised, were also drawn into taking strike action. For many it was the first time that they had taken any action, including large numbers of unskilled female workers. There are reports of women confectionery workers in Bristol walking out of their factories and calling out other factory workers, in London female garment workers also took action as well as department store workers. The period 1910-1914 also saw a massive increase in the instances of labour unrest throughout the Clydeside region. Working days lost to strike activity

Workers' History

in these four years were four times the level recorded for the whole of the previous decade 1900-1910. The most famous of these was the strike of 11,000 workers, started by women, against pay cuts and workload increases at the Singer Sewing machine in Clydebank. Here too an integral feature of the strike activity of this period was the radicalisation of previously acquiescent groups of workers. During this period women and unskilled workers played a significant role in fighting for better wages. It was this outpouring of workers' anger, which had been pent up for years, that troubled the bourgeoisie.

By 1913 it looked as if the strikes were beginning to develop and to increasingly draw in fresh layers of workers. Even with the defeat of the Dublin lockout in 1913 Lloyd George (then Chancellor of the Exchequer) believed that 1914 would see an even greater strike movement develop and may have led to more serious confrontations with the British capitalist state. However this wasn't to be as the British bourgeoisie with the rest of the European bourgeoisie took the working class into the first great slaughter of modern times, the first Imperialist war of 1914-1918. It seemed that all the class militancy that the British working class had been showing over the previous four years had dissolved like mist in the early morning light. It wasn't long before the Labour Party and Trade Unions had declared a truce with the bourgeoisie in the name of national solidarity and were sending of thousands of workers to be slaughtered in the trenches. These gross betrayals highlighted the fact that the trade unions as well as the Labour Party as organisations were no longer in the camp of the working class rather they now became organisations whose main purpose was to defend the capitalist mode of production.

A Hundred Years On

Do these strikes have to teach workers and their revolutionary minorities anything today? There are some similarities. Then, as today, workers were expected to take severe cuts not only to their wages but also in their working conditions. While in

1911 more direct wage cuts (rather than wage freezes or rises below the cost of inflation) were the order of the day the capitalist class then were raking in ever large amounts of wealth on the exploitation of ever poorer workers. The ostentatious displays of wealth of the Edwardian era are mirrored by today's capitalist class. With no productive investments as an outlet for their surplus value it is not just the bankers who celebrate their ever increasing share of the wealth workers create. At the same time many workers are now expected to take wage cuts, short-term contracts on slave conditions, or increasingly face unemployment.

At the moment the response of the class to the level of the attacks is inadequate but we need to be aware that while on the surface of society things may appear tranquil beneath the surface class tensions are bubbling away. What surprised all commentators of the Great Unrest was the sudden and concerted explosion of class anger in 1910-11 that appeared as if from nowhere. We are in a similar situation today as millions of workers are being ground down by employers as seen, not only in the attacks on today's conditions, but also on their future via the pension cuts.

The Great Unrest also shows clearly that economic militancy alone is inadequate when faced with the challenge from the bourgeoisie and the capitalist crisis. Recognising that the class anger exists is not enough what is required is a revolutionary Marxist organisation that is armed with both a strong theoretical base as well as an organised existence within the working class. During the Great Unrest the relatively new Labour Party was able to claim to be a "their" party to the mass of workers. While the Labour Party was being criticised by revolutionaries such as John MacLean (see above) over their antics in parliament where they copied the policies of Liberal Party as millions of workers were starving due to either low wages or unemployment there was a general acceptance that it was somehow "socialist". Thus organisations like Maclean's British Socialist Party or the much better, but much smaller Socialist Labour Party, found it difficult to

demonstrate how anti-working class the Labour Party was. At the same time workers had not been broken from nationalism as can be seen by their enthusiastic volunteering for the debacle of the horrors of the first Imperialist war. Today there is little enthusiasm for Labour but that does not stop many self-proclaimed "socialist" and "revolutionary" groups like the SWP or the Socialist Party from acting as its cheerleaders. By calling for the Lib-Dem Coalition to be voted out they really mean "Vote Labour". Revolutionaries today are not only faced with these Trotskyist and Stalinist leftovers but also have to fight the intense political cynicism about political action in general. Some take comfort that most of this cynicism is expressed towards the official parties but the attitude that all politics is a waste of time is ultimately useful only to the capitalist class. After all they need only our acquiescence to carry on exploiting.

This brings us to a final thought on the Great Unrest. Workers back then had a great trust in their "leaders" but found that they had feet of clay. In 1911 Liverpool workers booed Tom Mann (portrayed as a great revolutionary by Communist Party historians!) when it was clear he was trying to negotiate an unacceptable deal. They could not understand how the union was letting them down. A century on and it has happened so many times that workers are less likely to accept what the union tells them. Increasingly across the world they are also recognising they need to actively take control of their own struggles and set up assemblies and strike committees to organise the way to fight. Revolutionaries too need to be active. We need to be involved with today's struggles to build a revolutionary Marxist organisation rooted within the working class that pursues an internationalist strategy of uniting all workers in the struggle against capitalist exploitation and to ensure that the working class wins political power. Let's make sure that during the next period of great unrest the working class can emerge in a stronger position to challenge the bourgeoisie for political power.

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Bordiga: Beyond the Myth

CWO Introduction

This is the second part of our serialisation of Onorato Damen's book "Bordiga: Beyond the Myth". So far we have not reproduced any of the prefaces to the successive editions since 1952 but simply produced the main texts of Damen. These we will return to but for now we will try to explain each part as best we can for today's English-readers. Here (for reasons of space) we are publishing only the "Outline of the Disagreement" which prefaces the five letters. The five letters will be published on our website.

The Outline does not make for easy reading. This is due to two factors. The first is the highly theoretical level of the debate and the second is due to the fact that after 60 years the context of the discussion is not always clear. The best example of this is in the Foreword where Damen writes

It is absurd to think that what one of us writes and maintains in private on these subjects should only be thought of as valid and important in this context, and this validity ends if it is revealed and submitted to the outside, collective, critique of the Party.

What he is complaining of here is Bordiga's campaign by personal correspondence with individuals (most notably Vercesi [Ottorino Perrone]) in the Party against the Party instead of coming to Congresses and debating the issues out in the open.

The Outline is however revealing, to those who are willing to persist, in its explanation of the real causes of the split of 1952. First however we should try to explain the title "Overturning Praxis". Damen is thinking of the transformation of one situation of accepted theory and practice (praxis) into another. In short we could equate it to revolution. And the title is the key to the debate. Bordiga wrote a series of articles in the press of the Internationalist Communist Party (under the title *Sul filo di tempo*) but never joined the party. He never attended a single one of its Congresses (not even the one where the split occurred) and had concluded by 1950 that capitalism had stabilised and that therefore the task of the party was to return to the task of study. Interestingly Damen does not dispute that they are living under counter-revolutionary conditions. He even thinks a third world war is likely. What he does insist though is that the proletariat has a permanent need to strive for a revolutionary party. Revolutionaries have to work to maintain its nucleus, however small, so that the whole process of revolutionary re-awakening does not have to begin from scratch once the crisis creates the conditions for the revival of the working class. The Internationalist Communist Party did not come into existence in 1943-5 just through the will of a "handful of individuals", but because it responded to a specific crisis of capitalism and the needs of a working class ready to struggle. The party grew to several thousand by 1948, but, once the post-war boom and Marshall Plan money began to filter through, the Italian state was stabilised (with a lot of help from the Italian Communist Party of Togliatti). This led to a decline in membership and Bordiga now began to campaign for a retreat to theoretical work. Damen insists that the only meaningful theoretical work has to be made in the light of real activity within an organisation rooted in the class, hence his insistence on "praxis". Theoretical work without roots in the real life and struggle of the class is empty and sterile, even politically dangerous. He illustrates this in the Outline by reference to some of Bordiga's oscillations — most notably on abstentionism and on the class nature of Russia. In the first letter which follows the Outline of Disagreement, Damen took up the case of the class nature of the USSR again and Bordiga replied in the second letter. This is the debate which we will follow up next on our website.

Five Letters and an Outline of the Disagreement

The letters which follow with their "Foreword" were published in *Prometeo* (No 3 April 1952) soon after the split in the Internationalist Communist Party. Onorio is the pseudonym of Onorato Damen, Alfa is Bordiga.

Foreword

You cannot eliminate one basic assumption, one substantial part of this philosophy of Marxism (it is as if it were a block of steel) without abandoning objective truth, without falling into the arms of bourgeois-reactionary falsehood.

Lenin *Marxism and Empirio-criticism* (this English version taken from his *Collected Works* Volume XIII (1927-8 edition, Lawrence and Wishart)

We have reached the present point of disagreement in our organisation as a result of different ways of considering, from a Marxist standpoint, some problems inherent in the present period of the capitalist crisis. The publication of these five letters, which have the merit of initiating this indispensable theoretical clarification, has thus never been more necessary, nor more opportune.

The polite polemical encounter by letter between Alfa and Onorio rather than between x and y has no special value; what is important in these circumstances is the theoretical concern which animates it, the conviction of the contending parties that they feel themselves equally faithful in interpreting the same doctrine.

What is certain however is that by publishing these writings we are not revealing any secret correspondence. We are not attempting some speculative polemic but start from a conviction which is not only ours. This

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is that when a revolutionary thinks and writes to explain to himself, to interpret and understand more deeply the problems of the revolutionary struggle, it ceases to be a personal activity and becomes the common patrimony of the class to which he belongs.

It is absurd to think that what you write and argue in private on these subjects should only be thought of as valid and important in this context, and this validity ends if it is revealed and submitted to the outside, collective, critique of the Party. This is especially so when these statements and theoretical elaborations relate to problems of strategy and tactics linked to the revolutionary party's very reason for existence, both in the present and the very near future.

From reading these letters it appears clear that the basis of dissent lies, as ever, in a different evaluation of the Marxist dialectic, a different way of adhering to its method. In reality differences of interpretation of historical materialism are as old as Marxism itself, and it seems almost as if this disagreement gains new vitality with the appearance of every new generation of revolutionaries.

Is there a danger today that our party will be uprooted from its class terrain, from its ideology and its historic tasks, through a false application of revolutionary theory? Without hesitation we reply; yes, because it is only the extent and depth of the bourgeois world crisis today which puts to the test the ideologies, the political programmes, the parties and the individual combatants. This reveals both the correct and the weak aspects of any body of ideas and any theoretical formulation in their true light. Those ideas which seemed secondary, marginal, redundant, and could be ignored and seen as a purely personal state of mind, intellectual arrogance, at the same time paradoxically inoffensive and agreeable, under the pressure of events, and their own coherence are now pushed to the surface, and clarified. They almost become a material force and are dialectically forced to show what they are, and the value of their critique.

The proletarian party either makes this theoretical contribution its own



Amadeo Bordiga

and assimilates it, or it rejects it as alien to its class nature, by refracting it through the prism of action. It continually compares any theory with past experience and the interest it can draw on, on condition that it is not just a fleeting and circumstantial idea and that it does not contradict its ultimate aims.

Overtaking Praxis

Let's examine Alfa's schema which express his way of conceiving the dialectic.

Descending curve or branch of an ascending curve? The first formulation is unacceptable if we attribute to it a gradualism which excludes "shocks, shakes, somersaults", the second "the branch of an ever-ascending curve" is unacceptable if to this real ascent in the world of economic things there is not also a corresponding link with the rise or increased power of the contradictions which at the same time also have a tendency "to decline". How, then would capitalism be "moribund" for those of us who have learned that from Lenin?

On the whole, capitalism is growing far more rapidly than before; but this growth is not only becoming more and more uneven in general, its unevenness also manifests itself, in particular, in the decay of the countries which are richest in capital (Britain).

Imperialism, the Highest Stage of Capitalism (From Lenin *Selected Works* Moscow 1977 p. 728)

Bordiga's graph expressing the "the branches of the ascending curves" does not indicate in any way the dialectical contradiction in which

It is through its very progress that

capital doubly prepares its final collapse... the economic progress of capital as it gets bigger bit by bit aggravates class antagonisms and economic and political anarchy throughout the world to the point where it provokes the revolt of the international proletariat against its dominion a long time before its economic evolution would have reached its final consequence: the absolute and exclusive power of capitalist production in the world.

Rosa Luxemburg

It is true that imperialism hugely increases and provides the means for prolonging the life of capital but at the same time it constitutes the surest means for cutting it short. This schema of the ever-ascending curve not only does not show this but in a certain sense denies it. It is on this false interpretation of the dialectical problem that the theory of the uselessness of creating a party in a counter-revolutionary period such as the present is based. It is a theory which diminishes the party which others have already built, in its structure, its tasks and its action. It limits the function of its press to a mere theoretical catalogue which mechanically repeats the past without shedding any light on why a revolutionary vanguard, solidly anchored in the life of the problems of the proletariat, and their transformation onto the level of the historic continuity of the revolutionary struggle, is needed.

Starting from this understanding of revolutionary method we arrive at the most recent novelty ... the dialectic of accepting a minimum of interest in practical action if it is justified by an adequate quantitative return. For example, the participation of the party in the electoral struggle would still be possible in spite of one's abstentionist convictions, if the objective means for a decent quantitative result existed. In relation to this, Alfa's games and somersaults over abstentionist theory are significant. He insisted on the most rigid abstentionism before, and right up to, the Congress of Imola¹, in the course of which he agreed to abandon "aborto collo" [against his will] this single well-known characteristic of the Neapolitan opposition; at Livorno he accepted elections *tout court* [without a quibble] until the Rome Congress; he returned to abstentionism when the

political forces of the Party were in fact dispersed and with them the leadership of the Left of the Party, and today he is an abstentionist *maybe yes, maybe no* and for elections *maybe yes, maybe no* when he considers participation once again, if the certainty of numerical success could be guaranteed.

Still within the framework of this interpretation ... of Marxism according to Bordiga:

the analysis which claims that all the conditions for revolution exist but what is missing is a revolutionary leadership makes no sense. It is correct to say that the organ of leadership is indispensable but its appearance depends on the general conditions of struggle themselves, never on the genius or value of a leader or a vanguard.

This reasoning would be the fundamental argument to show the theoretical validity of his scheme relative to the overturning of praxis for which

just as determinism excludes for the individual the possibility of will or consciousness, the necessary conditions for action, the overturning of praxis allows these to the Party alone as a result of its general historical elaboration.

In this scheme a mathematical logic prevails to the detriment of common sense, a determinism of "things" unconnected to the activity of human beings for whom it is mathematically certain that if a revolutionary leadership has defects on the political scene it is because the revolutionary conditions are not there; and viceversa, if the revolutionary conditions really exist then there will be no lack of revolutionary leadership. Put like this the dialectic of Marx is on the same level as ... the official policy of the Catholic Church which takes its evangelical creed from the preaching of Christ.

Let's make our thinking on this more precise. The terms of the schema in question have to be "historicised" in the sense that in the determinist "prius" [i.e. what has gone before] there is not only in play individual impulses produced by economic stimuli and appetites but that these stimuli and



Onorato Damen

appetites have to be understood in terms of the shifts and changes in the total process of the capitalist economy, in the level of development of the means of production, in their technical sophistication, in variations of the market, in its recurrent crises, in the growing domination of financial capital, etc., etc.

The formation and modification of human consciousness, its transformation into will and action, are reflections, at the level of social and political life, of what is produced in the sub-soil of the economy, but, between the determining factors and a world determined by the superstructure there is a relationship which in its turn reacts on the base, as an indispensable element in completing any historical event. There is no geometric schema, nor any arithmetical calculation, which can close this relationship between the world which determines and that which is determined, in some formula which is forever true and valid and which says that this impulse comes from the subsoil of the economy and that is from what is occurring in the superstructure.

In our case, an adequate and timely crystallisation of revolutionary consciousness and the will to act does not always correspond to the objective conditions offered by the capitalist crisis. The first post-war crisis (1919) in Germany and Italy tragically showed us a proletariat instinctively brought to understand the need for a struggle for power but which lacked a revolutionary leadership. The history of workers' struggles is full of examples of favourable situations in which the proletariat missed the bus due to the presence of a Party not up to the task of leadership.

This is the focal point not only for

interpreting the dialectic but also for the nature and function of the class party. The birth of the party does not depend, and on this we agree, "*on the genius or value of a leader or a vanguard*" but it is the historic existence of the proletariat as a class which poses, not merely episodically in time and space, the need for the existence of its Party. The proletariat would return to the ranks of mere plebeians if it lost its class character as the antagonist of capitalism; and its possibilities as an exploited class which struggles for its own defence and liberation would be thwarted and rendered null and void if the motivation and physical forces for a revolutionary leadership were not produced from within it through its struggles.

But what, in reality, are the relations between party and class? We have to fight as foreign to Marxism the schema which rejects the existence of the Party in the period of counter-revolution and which entrusts to a restricted vanguard the melancholy task of study; which foresees the appearance of the Party in the fire of the revolutionary assault and gives to the Party, and only to it, the function of subject in the overturning of praxis. We don't know, for how long and through what magical virtue, the body (constituted by the class) should remain without a head (the class Party).

In this schema, given the erroneous conception of the nature and function of the Party a totally catastrophic idea is precisely defined with the sudden appearance of the Party in one of the final periods of the crisis of capitalism, leaping, who knows how, from the head of Jove to resolve alone the miracle of overturning praxis. In this conception, the Party is detached from the class and its genetic development as a whole, this Party to which individual workers and the labouring class stimulate through their consciousness and will, an accumulation of the necessary revolutionary potential without which the return to the determining base would not be possible in the same way that a revolutionary outcome for a class detached from its Party would not be possible.

All this breaks the dialectical process that Marxism historically attributes to the class as the historic antithesis of the bourgeoisie: class antithesis, not Party

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antithesis, because the contradictions are class against class and not party against party, because, in the end, the subversive force is the class and not the Party. The Party makes revolutionary activity more perceptible and gives it real force, it renders it more conscious, and points the way towards it. In this sense the Party is a Party of the class, in the class, not outside the class and distinct from it. The dialectical overthrow is carried out by the class as a whole, and not by the Party in place of the class: except that there will be no shift from the class in itself towards the class for itself where the nerve centre preparing and leading it (i.e. the Party) is absent.

Nothing takes place automatically independently of human action. There exists no development of the superstructure (moral, juridical, philosophical, literary, artistic etc) which does not rest on economic development.

"But all these react upon one another and also upon the economic base."
Engels Letter of 1894

Thus the question of the "returning influence" of the superstructure on the economic base and on the productive forces of society is made more precise with the statement that "amongst the different series of social phenomenon there is an unending process of reciprocal action", cause and effect substitute themselves one for the other. The "theory of reciprocal action" was made clear and summed up in masterly fashion by Engels:

"People make their history themselves, only in given surroundings which condition them and [in einem gegebenen, sie bedingenden Milieu] on the basis of actual relations already existing, among which the economic relations, however much they may be influenced by the other political and ideological ones, are still ultimately the decisive ones, forming the red thread which runs through them and alone leads to understanding." [Letter of 1894]

Where these two interpretations of historical materialism and the dialectical method diverge is inevitably the starting point for different ways of understanding the role of the party, of

evaluating its immediate and long-term tasks and therefore of conceiving and carrying out its tactics and strategy.

Those who have the responsibility to lead the revolutionary party and who, when they examine problems start from an interpretation based on an mechanical economism, will, you can be sure, always remain waiting for the revolution until it is knocking on the door and warning us that the time has arrived to build the class party and proceed to the insurrection.

The theory which leads to the affirmation that there is nothing for the party to do in this period of counter-revolution is absolutely unacceptable. It is in formal logical coherence with the view that it is useless and damaging to proceed to the formation of the party, or to keep it going, until the point where we will no longer find ourselves faced with the radical overthrow of the present relations of force between the two historic classes.

Faced with the present problems of imperialism and war the formal coherence of this arbitrary and mistaken interpretation of Marxism is also a departure from the fundamental line of class analysis and revolutionary interests if it ends up desiring the victory of bourgeois forces which carry within them the future of capitalist progress. To flirt or have flirted with forms of dictatorship just to cock a snook at democratic forms² pretends to ignore or forget that Lenin, with the small dispersed nuclei of the Bolshevik Party, insisted, even in the middle of the war and after the terrible collapse of the Second International, on the physical possibility of a revolutionary revival and victory.

Faced with the alternative of remaining what we have always been, or bending to an attitude of platonic and intellectualist aversion to American capitalism, and benevolent neutrality towards Russian capitalism merely because it is not yet capitalistically mature, we don't hesitate to restate the classical position which internationalist communists take on all the protagonists in the second imperialist conflict, which is not to hope for a victory of one or other of the adversaries, but to seek a revolutionary solution to the capitalist crisis.

Faced with the alternative of saving

the Party at all costs or accepting a leadership of men with ideas and methods which would force us, in the face of third world war, to repeat the political nullity, to abandon our place in the struggle and the liquidation of all organisational forms, as happened on the eve of the Second World War, we have no hesitation in reacting to this renewed deceitful attempt and in defending the party in the role which proletarian interests and revolutionary struggle have assigned to it.

This is what has led, and had to lead, to a theoretical conflict which we wanted to clarify here, even in the doctrinal domain. This is not simply a theoretical question but is at the same time a political conflict between tactics and strategies which are no longer working towards the same class objective of proletarian revolution.

Notes

1 Held in 1919. Bordiga had hoped to form a communist party adhering to the new Communist International on the basis of the Abstentionist Fraction (based largely around Bordiga's Naples-based "Il Soviet"). The abstentionists won only a minority of the votes and the party would not be formed until the Livorno Congress of 1921 which adhered to the 21 conditions of the Communist International and thus dropped abstentionism.

2 Although he is in the middle of arguing for the "revolutionary defeatism" inspired by Lenin, Onorato here makes an aside on Bordiga's opposition to democratic centralism within the Internationalist Communist Party. This argument is more extensive in the previous part of the book which is on our website at <http://www.leftcom.org/en/articles/2011-01-21/amadeo-bordiga-beyond-the-myth-and-the-rhetoric->

Trotsky Trotskyism Trotskyists



From Revolution to Reformism

Still available

Trotsky, Trotskyism, Trotskyists

Examines the course of how Trotsky, who made such an enormous contribution to revolutionary practice, ended up giving his name to a movement which returned to the errors of Social Democracy £3

New ICT publications

We have produced 4 new pamphlets. Apart from **Class Consciousness and Revolutionary Organisation** [see separate advertisement] we have also produced the following (all prices include postage)

Stalin and Stalinism £1 — The lie that the former USSR was “really existing socialism” remains a potent weapon in the capitalist arsenal against the working class. This pamphlet not only examines the origins of the regime that emerged from the defeat of the October Revolution but also explains the motivations of Stalinism.

Holocaust and Hiroshima 50p — Examines how the nature of imperialist warfare comes to inflict mass murder on the world through an examination of these seminal events.

Capitalism and the Environment (by Mauro Stefanini) £1 — Just translated from Prometeo these articles were written some time ago but show that our late comrade was ahead of his time in analysing the unsustainability of capitalist production.

Class Consciousness and Revolutionary Organisation



ENIGMES

A new booklet from the CWO is now out!

The issue of “consciousness” is one of the most important for the working class and for revolutionaries. Behind it lies the really big questions, such as “How can capitalism be destroyed?”, and “Is the working class capable of creating a new society?”...

It is our aim to address these and other questions here but not as abstract philosophy. Our approach will be unashamedly historical and attempt to draw out the real experience of the working class in its struggles of the last two centuries. Its contents cover

- Idealism and bourgeois materialism
- How working class consciousness develops
- Marx, Engels and proletarian organisation
- The era of social democracy and the fight against revisionism
- On the eve of revolution: the debate between Luxemburg and Lenin
- Class consciousness and working class political organisations
- Party and class in the revolutionary wave 1917-1921
- The decline of the Russian Revolution and the cult of the party
- The idealism of Bordigism
- By way of conclusion: towards proletarian world revolution

56pp £4 (includes postage) from the group address

Solidarity appeal for the renovation of Gondolkodo Autonom Antikvarium (Gondolkodo Autonomous Bookshop)

The Gondolkodo Autonomous Bookshop is the only distribution place of the workers' movement, bookshop and meeting-place in the East Central European region (namely in Hungary) which has been functioning continuously for many years (now for 18 years). Now this place must be renovated because the walls are wet and mouldy, the mortar has been falling, the sets of shelves are rickety, the drainpipe is often clogged up etc. The condition of the bookshop has been worsening gradually and also the distribution of publications is harder under these circumstances. Since we can not pay for all the costs of the general renovation we ask for your financial help in order that we could do the renovation during the summer.

Please support this aim according to your possibilities (if you can send 10 Euros then do it, but if you have more money you can send bigger amount). Comrades, activists and sympathisers, please spread our solidarity appeal and support us! Thanks for your help in the name of internationalist proletarian solidarity!

The money should be sent to this bank account:

Banki Laszlo
HU23 1040 3301 8675 5557
8750 1003
Swift code: OKHBHUHB

Greetings,

Gondolkodo Autonom
Antikvarium
www.gondolkodo.cjb.net
gondolkodo@citromail.hu

Life of the Organisation

The Communist Workers' Organisation was founded in 1975 and joined with the Internationalist Communist Party (Italy) to form the International Bureau for the Revolutionary Party in 1983. The Internationalist Communist Party was the only significant organisation to emerge in the Second World War (1943) condemning both sides as imperialist. It is the most significant organisation produced by the internationalist communist left which fought the degeneration of the Comintern in the 1920s as well as the process of "bolshevisation" (i.e. Stalinism) imposed on the individual communist parties. In 2009, in recognition of the new elements that had joined the founding groups, the IBRP became the Internationalist Communist Tendency.

We are for the revolutionary party but we are not that Party. Nor are we the only basis for that party which will emerge from the workers' struggles of the future. Our aim is to be part of that process by participating in all the struggles of the class that we can with the aim of linking the immediate struggle of the class with its long term historic programme — communism.

Subscribe

The CWO is not only against capital, it doesn't have any! We do not receive finance from any source other than through the sales of our press and the contributions of members and supporters. We once again thank everyone who has recently taken out or renewed subscriptions for their help with our work. This appeal is to those who find our analyses of current capitalist reality to be of value to a truly 'revolutionary perspective' to take out a subscription to keep our work going.

The Internationalist Communist Tendency

Britain

The Communist Workers' Organisation which produces Revolutionary Perspectives (a quarterly magazine) and Aurora (an agitational paper)
BM CWO, London WC1N 3XX

Italy

Il Partito Comunista Internazionale
which produces Battaglia Comunista (a monthly paper) and Prometeo (a quarterly theoretical journal)
CP 1753, 20101, Milano, Italy

Canada/USA

Groupe Internationaliste Ouvrier / Internationalist Workers' Group
which produces Notes Internationalistes/Internationalist Notes (quarterly)
R.S. C.P. 173, Succ.C, Montreal, Quebec, Canada H2L 4K1

Write to: us@leftcom.org

Germany

Gruppe Internationaler Sozialistinnen
which produces Sozialismus oder Barbarei (to appear quarterly)
GIS, c/o Rotes Antiquariat, Rungestrasse 20, 10179 Berlin, Germany

France

Bilan&Perspectives
produces a quarterly journal of the same name
BP 45, 13266, Marseille, Cedex 08, France

Pamphlets

The Platform of the Internationalist Communist Tendency (formerly the International Bureau for the Revolutionary Party)

Revised English version (including postage in UK) 70p
or see <http://www.ibrp.org/en/platform>

Socialism or Barbarism

£3

An Introduction to the Politics of the CWO

1917

£3

The full story of the only time the working class anywhere came to power.
New version

Trotsky, Trotskyism, Trotskyists

£3

Examines the course of how Trotsky, who made such an enormous contribution to revolutionary practice, ended up giving his name to a movement which returned to the errors of Social Democracy
or go to <http://www.ibrp.org/en/articles/2000-10-01/trotsky-and-trotskyism>

In preparation:

Platform of the Committee of Intesa 1925 (new version)

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The Commune

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